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NEWS SUMMARY

GENERAL

Cambodia ruling council formed

Vietnam appears to be consolidating its position in Cambodia and yesterday it announced an eight-man revolutionary council to administer the country.

The announcement came from the capital, Phnom Penh, which fell on Sunday following a 14-day assault by 100,000 Vietnamese troops.

It is thought that a new national government will not emerge until the Vietnamese have won control of the remaining Khmer Rouge strongholds.

Premier Pol Pot and most of the Khmer Rouge leadership appear to have escaped the Vietnamese onslaught and the first Chinese technicians to evacuate Phnom Penh have arrived at the Thailand border. Back and Page 3; Editorial comment, Page 14

Iran 'revising arms contracts'

Iran's new Prime Minister told the Financial Times that all current and future military contracts would be revised and the defence priority would be "to defend our borders only." The contracts are worth about \$10bn. Back and Page 4

Plea to Owen

Foreign Secretary David Owen has been urged to raise in the UN the need for unsafe smallpox laboratories to be closed down. The call comes from Labour MP Doug Hoyle, who is president of ASTMS, the union which leaked the controversial report on the Birmingham outbreak.

Nobody loses

The annual post-Christmas ratings argument among TV companies was joined by the BBC, who claim a majority audience for each of the three main days. Thames Television had earlier claimed a clean sweep for ITV.

Hearing off

A Los Angeles extradition hearing against Gerald Caplan, former chairman of London and County Securities, was postponed until Thursday because the judge wants more time to study papers. Caplan is alleged to have stolen £2.4m.

Rhodesia raid

Patriotic Front guerrillas said htey had destroyed an ammunition dump in northern Rhodesia, killing 19 soldiers and wounding 13.

Soviet pressure

The Soviet Union is believed to be putting pressure on Italy's minority government in an attempt to stop Italian arms manufacturers selling to China.

Bargemen fight

As the strike by Dutch bargemen entered its second week, police broke up scuffles between strikers and non-strikers on the Rotterdam shipping exchange.

Paper talks

Leaders of 9,000 provincial journalists met the employers for the first time since their strike began on December 4.

Briefly . . .

Bomb blast badly damaged a tar factory in Corsica.

Son of Rudolf Hess, Hitler's former deputy, appealed to Western leaders to have his father released from Spandau jail.

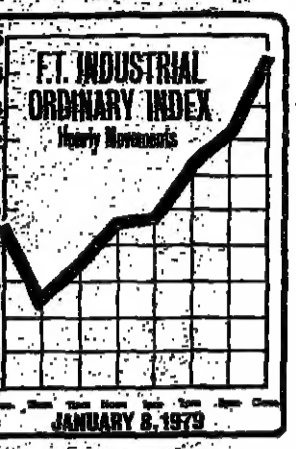
Trial of former Baader-Meinhof gang lawyer was delayed in Steuttgart because the chief judge is ill.

Englishman who taught in Italy and an Australian tourist died when their car plunged into a canal near Acignon, France.

BUSINESS

Equities up 4.9; Gold falls \$1½

● EQUITIES ended firmly on Esso and Shell pay acceptances, following earlier cautious trading. At 10 am, the FT 30-share index was 2 points down; by 1 pm it had improved a mere 0.2



on balance, finally to show, on the better outlook for oil and petrol deliveries, a near-7 turnaround to 484.4, a net rise on the day of 4.9.

● GILTS ended generally firm, also on news of the tanker drivers' votes. Shorts rose to 5-16ths. Longs were more subdued. Government Securities Index rose 0.10 to 68.52.

● GOLD fell \$1½ to \$223¼.

● STERLING rose 55 points to \$2.0255. Trade-weighted index was 63.8 (63.7). Dollar's depreciation was 9.4 (9.2) per cent.

● WALL STREET was off 7.19 at 823.54 near the close.

● FRANCE and West Germany have agreed procedures for solving their argument over the EEC's farm price system which has delayed introduction of the European Monetary System.
Back Page

● UNDERLYING rate of increase in prices charged by industry at the factory gate has started to edge upwards. But no signs are evident yet of a significant early acceleration in the annual rate of retail price inflation from the present level of just over 8 per cent.
Back Page

● NORTH SEA offshore construction workers' dispute spread to involve more than 700 men on at least four platforms, with more likely to join the stoppage.
Page 7

● ROLLS-ROYCE remained disrupted by indsutrial action as a meeting of 1,500 workers at the Barnoldswick plant, near Colne, Lancs., voted to continue their near-eight-week pay strike.
Page 7

● CONCORDE is expected to be given its U.S. Certificate of Airworthiness today. From Friday, under an agreement with British Airways and Air France, Braniff International will take over Concorde at Washington six days a week, flying it subsonically to Dallas/Fort Worth and back. Page 6

● MILLIONTH Ford Fiesta will roll off the production line today only 18 months after the model was introduced. Page 6

● BUILDING society mortgage lending cannot be expected to increase in the next few months, Mr. Ralph Stow, Building Societies Association chairman, says.

COMPANIES

● HOGG ROBINSON pre-tax profits rose 5 per cent to £3.37m (£3.2m) on turnover up 18 per pent to £15m (£12.65m) for the half-year to September 30.
Page 16 and Lex

● RIO STAKIS pre-tax profits rose 59 per cent to a record £2.8m on turnover up 38 per cent to £52.7m for the year to October 1.
Page 16

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES					
Excheq. 9¼pc '82 ...	£90	+ 1/16	Muirhead	216	+ 7
Barclays Bank	385	+ 7	Sime Darby	109	+ 8
Barr (A. G.)	82	+ 6	Sirdar	88	+ 7
Brown (J.)	376	+ 8	Slough Ests.	128	+ 4
Burnett Hallamshire	235	+ 7	Status Discount ...	206	+ 10
Costain Dfd.	146	+ 4	Trust Houses Forte	267	+ 7
County and District	138	+ 4	Utd. Scientific	276	+ 8
First Nat. Finance	8	+ 1	Wearra	34	+ 5¼
GEC	332	+ 6	Guthrie	437	+ 92
Gt. Portland Ests....	234	+ 8	Harrison Malay Ests.	123	+ 11
Guinness (A.)	171	+ 6	London Sumatra ...	205	+ 10
Haggas (J.)	202	+ 14	Cons. Murchison ...	205	+ 20
Johnson Gp. Clnsr.	118	+ 7	MIM Hldgs.	220	+ 5
Land Secs.	258	+ 5	Mount Lyell	46	+ 4
Longton Transport	73	+ 4	North Broken Hill...	116	+ 7
MFI Furniture	182	+ 13	FALLS		
Mang. Agency Music	115	+ 7	Hogg Robinson	117	− 3
Manganese Bronze...	73	+ 7	Negretti and Zambra	82	− 4
Marlborough	25¼	+ 2	Restmor	74	− 7

Petrol threat ends as Shell and Esso men accept 13-15%

BY NICK GARNETT, LABOUR STAFF

The threat of a highly damaging national tanker drivers' strike ended yesterday when drivers and depot workers at two of the big five oil companies accepted pay offers worth 13 to 15 per cent.

Leaders of drivers at Esso and Shell, which together supply about 40 per cent of the oil and petrol market, told the companies yesterday that their offers, not linked to higher productivity, were acceptable.

British Petroleum hopes its drivers will accept a similar offer today. Mobil may follow suit on Friday. This would isolate the 1,100 drivers and ancillary workers at Texaco, who are on strike after rejecting an offer also worth up to 15 per cent.

It would pave the way for the same form of guideline-breaching deals for drivers at the second-tier oil companies. Petrofina has already settled at the same level as Shell and Esso.

Picketing by Texaco drivers and unofficial action by some employed at BP depots has resulted in critical shortages of fuel, particularly in Ulster, Manchester and the North-West, with some industrial production affected.

The Cabinet's general committee, chaired by Mr. Merlyn Rees, the Home Secretary, considered detailed reports on the effect of the dispute, and of the haulage strike, on supplies to industry, shops and garages.

It meets again today for a further review of the situation.

The Cabinet committee responsible for pay, under Mr. Denis Healey, also met yesterday to review the impact of recent settlements on Government policy.

As a result of the Texaco drivers' picketing motorists in some areas queued for an hour or more for petrol.

Local branches of the Transport and General Workers' Union warned some garages that if they continued to charge what the union believes excessive prices in the dispute, their supplies would be halted.

Of the 46 Shell terminals 15 were picketed by Texaco drivers yesterday. Six of Esso's 40 depots were similarly affected.

Unofficial strikes were taking place at four BP terminals, with others picketed. The widespread stoppage by tanker-drivers in Ulster continued.

Esso's 2,000 drivers and depot workers voted two to one to accept the offer. The vote by Shell's 2,600 staff was much closer, 1,301 to 976.

The drivers' present basic pay is £75, with overtime and shift pay calculated on a rate of £58. Average earnings are £112 to £115 a week.

The settlements, backdated to November, raise the basic rate to £78, which will also be used to calculate overtime and shift pay.

Some shop stewards say that for some the deals would be worth only £3 a week. Most staff, however, work overtime or shifts, and average earnings will rise to £127 to £132.

The settlement is far higher than the Government would like, but is considerably below the union's claim of a common basic and overtime calculator of £90.

Mr. Moss Evans, TGWU general secretary, has said the Texaco drivers could be expected to accept their offer if agreement is reached at the other big five oil companies.

Union officials and employers are to meet today under the auspices of ACAS to try and find a solution to the private haulage lorry drivers strike, Back Page ● News Analysis on taxing social security benefits, Page 6 ● Reactions to Mrs. Thatcher's plan and effects of lorry strike, Page 7 ● Editorial comment, Page 14

Government rules out immediate fiscal action

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE GOVERNMENT has ruled out immediate monetary or fiscal action in response to the latest developments on the pay front and is unlikely to consider the introduction of any additional measures until the normal spring Budget.

Preliminary work in Whitehall suggests that borrowing by the public sector in the 1979-1980 financial year could be higher than the £8.5bn projection made two months ago on the basis of present policies.

This implies that the Budget might have to be restrictive, including tax increases, if fiscal policy is to be made consistent with the existing money supply target, let alone with a slightly lower one which might be desirable for counter-inflation reasons.

Senior ministers and officials believe it would be wrong to take further action now, although a more positive response may be considered when the position is reviewed following the Prime Minister's return from the Caribbean later this week.

The references in recent speeches to further fiscal and monetary action have been fairly low key, partly because of a desire not to exacerbate current disputes and partly for political reasons.

Senior ministers believe it will not be possible to assess what the real level of pay settlements is until well into next month.

Meanwhile, ministers are likely to point out that existing monetary policy — with high interest rates—is tight anyway and implies a loss of jobs if earnings are higher than the guidelines. Moreover, cash limits will continue to be based on the official pay limits.

In addition, there are considerable practical and political difficulties about early action. The public spending plans for 1979-80 and later have already been agreed (and will be published in a White Paper next Wednesday) and neither these programmes nor income tax can really be altered before the Budget.

This leaves indirect tax increases, but the early use of the regulator is unlikely both because of the impact on the retail price index and because the affirmative parliamentary resolution might not be approved by the Commons.

There is no attempt within Whitehall to disguise the extent of the current pay problems and it is admitted that if there is clear evidence of higher pay awards further action will have to be taken.

It is not yet clear by how much next years public sector borrowing may be above earlier estimates and it is possible that ministers may anyway want to

Continued on Back Page

Sime Darby plantation bid

BY JAMES BARTHOLOMEW

SIME Darby Holdings, the Malaysia-based international conglomerate, yesterday announced a £122m bid approach to Guthrie Corporation, one of the largest remaining British-owned Far East rubber and palm oil plantation companies.

The approach is widely regarded as part of Malaysia's attempt to acquire control of the plantations. Sime Darby is one fifth owned by the Government through its Pernas agency. The proposed take-over would create the largest rubber and palm oil plantation company in the world.

Guthrie shares shot up 92p to 437p yesterday after a short announcement from Sime Darby that it intended to make an approach which could lead to an offer.

In Kuala Lumpur, it was said that Sime regarded the two groups as complementary. Both have extensive plantations and downstream operations such as rubber processing factories and palm oil mills, and Sime Darby has said it wants to extend its downstream interests.

Guthrie also has a profitable Singapore engineering and trading arm, Guthrie Engineering, and manufacturing activities in North America. Expansion in North America is another area in which Sime Darby is known to be interested.

The main reason for the bid is thought to be the desire of the Malaysian authorities and business community to put ownership of the country's natural resources into local hands.

The company nonetheless claims to be "totally commercially oriented."

Guthrie yesterday said it would consider the approach "when it is made."

It is believed that Guthrie regards the proposed price of 425p per share as totally inadequate.

The suggested price would not be sufficient to buy the plantation interests alone, it is being said. A hard fight looks likely unless Sime Darby raises its offer.

There has been strong buying of Guthrie Corporation shares over the last six months from the Far East, taking the stake held there from about 12 to 20 per cent.

Sime Darby itself announced in July that it had a 4.8 per cent stake but denied then that it had bid intentions.

The denials have been repeated again since then.

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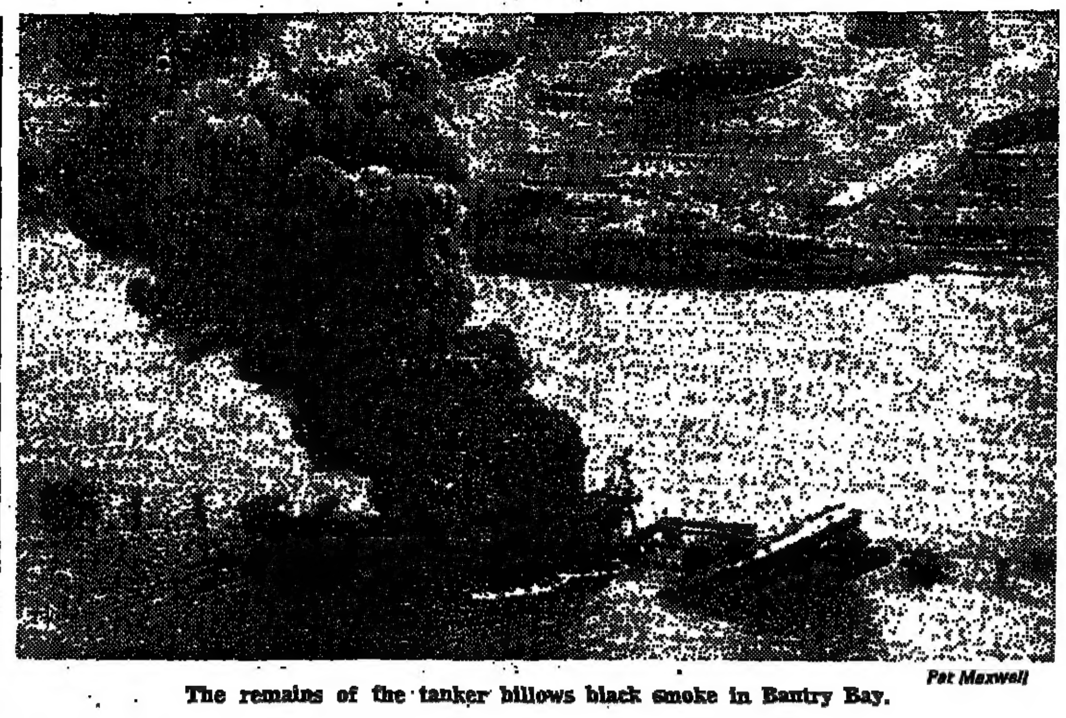

The remains of the tanker billows black smoke in Bantry Bay. Pat Maxwell

Full inquiry promised into tanker disaster

BY STEWART DALBY IN BANTRY BAY AND KEVIN DONE IN LONDON

THE FULLEST possible inquiry into yesterday's oil tanker disaster at Bantry Bay, Ireland, in which 50 people are believed to have been killed, was promised last night by Mr. Jack Lynch, the Irish Prime Minister.

Gulf Oil, the owner of the Bantry Bay oil terminal, has started its own investigations and has called in experts from its transportation company in the U.S.

The cause of the explosion, which ripped apart the 120,000 tons dwt tanker, Betelgeuse, as she was unloading a cargo of Saudi Arabian crude oil at the terminal remained a mystery yesterday.

A huge column of black smoke still towered above the remains of the tanker 16 hours after the blast, but the company said the fire was under control.

The tanker was broken in two alongside the jetty. Gulf said yesterday it has been decided to allow the fire to continue to burn under careful control.

Gulf said last night that 50 people were missing as a result of the explosion. Forty-one of the victims of the accident were crew members of the French-registered vessel, which is owned by Total, the French oil company. Seven other people presume dead were workers from the terminal and two Total employees were also feared to have been killed.

The French tanker was diverted to Bantry Bay some days ago from its original destination, Rexcous in Portugal, because of berthing problems at the Portuguese port. The cargo had been bought by Petrogal, the Portuguese state oil company.

As much as two-thirds or 80,000 tonnes of the tanker's cargo is estimated to have been discharged when the explosion occurred.

Mr. Bill Finnigan, the chairman of Gulf Oil (Ireland), said there was no danger of further explosions in the ship or the storage tanks at the terminal on Whiddy Island following efforts by fire, army and security services to cool the tanks with jets of water.

The disaster seems certain to revive the controversy over the terminal, which has simmered since it was first opened by Mr. Lynch in 1969. Most criticism has centred on the fact that there is no proper harbour authority for Bantry Bay and safety precautions are essentially a matter for the company.

Doubts were strengthened in 1974 after about ½m gallons of oil escaped from a faulty tanker valve, causing serious pollution.

The terminal has a storage capacity of about 7.2m barrels (1m tonnes) of crude oil, but at present there are only about 4.5m barrels in the tanks.

The terminal was built to handle very large crude carriers—up to 500,000 dwt—from the Middle East. Crude is transferred into smaller conventional tankers for shipment to Gulf refineries at Milford Haven in South Wales, Stigsnaes in Denmark, and to a lesser extent to Rotterdam, Holland.

Gulf said last night that the operation of the refineries should not be affected by the explosion. Stocks were high and they would probably be supplied direct from the Gulf.

Background Page 2

Major oil tanker accidents in Europe last year:

December 31
Andros Patria, carrying 208,000 tonnes of crude oil—Greek-owned, under charter to BP. Holed by explosion off north-west coast of Spain. About 50,000 tonnes of crude oil spilled on to sea. Under tow by salvage tugs to point near Lisbon.

October 12
Christos Bitas, carrying 35,000 tonnes of heavy Iranian crude oil—Greek-ownod. Ran aground off coast of west Wales. Cargo pumped into second tanker and Christos Bitas sunk in Atlantic Ocean.

May 6
Eleni V, carrying 12,000 tons of heavy fuel oil — Greek-owned. In collision with French merchant ship six miles off Great Yarmouth. Norfolk and Suffolk coasts polluted. Tanker sliced in two. One section towed to Rotterdam. Bow section blown up 26 miles off coast, 24 days after accident.

March 16
Amoco Cadiz, carrying 230,000 tonnes of crude oil—Liberian flag of convenience. Ran aground on north coast of Brittany. Much of Brittany coast devastated by oil pollution. French Government share of clean-up bill could total more than £59m.

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FEATURES

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WEST GERMAN STEEL SETTLEMENT

Normal working resumes this week

BY ADRIAN DICKS IN BONN

WEST GERMANY'S steel industry is preparing to return to normal working on Thursday, now that both the employers and the steelworkers' union, IG-Metall, are *confident* that last weekend's provisional settlement of their six-week dispute will be approved by rank-and-file *workers.*

Balloting of the IG-Metall membership began last night, after the union's wage bargaining *council* had accepted the settlement by 87 votes to 38. Both Herr Eugen Loderer, the IG-Metall president and Herr Kurt Herb, the strike leader, publicly endorsed the deal.

Meanwhile the steel employers' federation formally accepted the compromise last night and announced that it would lift, from this afternoon, the lock-out which has hit some 30,000 of the total of 100,000 workers affected by the strike.

The size of the vote against the settlement appears to *indicate that more than a few* hot heads remain in favour of a hard line to achieve a 35-hour week, and would have been *prepared* to continue the strike. However, only 25 per cent of the IG-Metall membership in the three regions of the North Rhine-Westphalia, Bremen and Osnabrueck need acept the deal for it to come into force.

Opinion polls and Press reports bear out the employers' claim that far more than a quarter of the steelworkers would, in fact, have voted for an end to the strike before now if they had been given the chance.

Immediately after the compromise was reached early on Sunday, IG-Metall and the employers agreed to step up the numbers of the skeleton crews who have been keeping the blast furnaces running at minimum operating temperatures. As a result, a return to normal production should prove relatively *smooth.*

Spokesmen for the motor industry and for other big steel customers were hoping yesterday that they could now cancel the precautionary notices of shorttime working posted last week. Volkswagen, BMW, Daimler-Benz and other large engineering companies had said that they would have to curtail operations from early next week if the steel stoppage continued.

Herr Toni Schmuecker, chairman of Volkswagen, said in an interview that the company had not sought steel supplies from other European sources on any substantial scale. He said such a step might have weakened severely the German steel industry, since contracts abroad would have had to be concluded for a relatively long period. Such a shrinking of the German steel industry's markets would have led to further job losses among *people who might* otherwise be VW customers, Herr Schmuecker told Der Spiegel, the weekly news magazine.

Meanwhile both sides are seeking to present themselves as the victors. The employers have won confirmation that the 40-hour week remains the norm for the industry, and can present the additional free shifts and extra annual holiday given away as peculiar to the steel industry. It will thus be possible for the engineering industry, which is next to bargain with IG-Metall and which consists of many of the same companies, to claim that no precedent has been set.

IG-Metall is claiming that the extra free shifts for night-workers and for men over 50 are, on the contrary, a first step towards a 35-hour week in the steel industry.

$ weakness linked to Iran crisis

By David Marsh in Basle

CENTRAL BANKERS from the *major* industrialised countries meeting at their monthly session here yesterday expressed concern over the effects on the dollar of the political uncertainty in Iran, which was partly responsible for the currency's weakness at *the start of the New Year.*

According to a high-ranking central banker, however, there is general confidence that the *dollar will gain* ground once the underlying improvement in the U.S. balance-of-payments asserts itself on foreign exchange *markets.*

Major central banks have been intervening fairly actively to stabilise the dollar this year, *although the purchases* slackened off significantly towards the end of last week, as the dollar started to firm of its *own accord.*

The central bankers were gathering here for their regular exchange of views at the Bank for *International Settlements* (BIS).

Also taking part in some discussions were central bankers *from the East* European Comecon countries, except the Soviet Union and East Germany. This is part of informal consultations between Eastern and Western central banks which take place here every six months or so. Most of the East European central banks are shareholders in the BIS.

The bankers' discussion on Iran were on a general level only. There is no disquiet over the volume of Euro currency lending to Iran by commercial banks, which is viewed as a matter for private sector rather than central banks.

The central bankers also reviewed the unresolved technical aspects of the European Monetary System (EMS), the introduction of which has been held up by an EEC dispute over agricultural policy.

One of these unsolved questions is believed to be the exact valuation of countries' gold reserves, which will be used to help set up an expanded EEC credit mechanism. It is not certain whether EEC central bank governors meeting here separately will be able to resolve this issue, which is treated as being of relatively minor importance.

The central bankers agreed that whatever the progress on the technical level, the EMS can proceed only when EEC politicians resolve the agricultural dispute.

Patronat caution on larger EEC

BY DAVID WHITE IN PARIS

FRENCH PRIVATE industry is in favour of Greece, Portugal and Spain joining the EEC, but the Patronat, France's employers' federation, has important reservations to make, especially about the transitional periods prior to full membership and trading conditions for industrial goods.

A position paper published by the federation at the weekend warns that "French *industry is little disposed to* carry the cost of the bargaining that might result from concessions obtained by France in the *agricultural sphere."*

Enlargement of the EEC, it says, would entail significant problems for French industry, and it urges French and EEC negotiators to give industrial questions as much weight as farm issues.

The Patronat gives its backing to the membership of the three countries both on the economic grounds of harmonising competition and opening markets, and on the political grounds of reinforcing the southern part of the EEC.

But the paper calls for each application to be considered separately. Coming as it does just before the opening of formal talks for the entry of Spain, potentially the most problematical case for France, this means that French employers are not prepared to let Greece set a precedent for entry terms.

In the case of Greece, it says the entry transition period must *not exceed five years, warning* that Greek exporters have certain advantages which could in the long term threaten some *French industries.*

As far as Spain is concerned, most French industrial sectors favour as short a transition period as possible. But exceptions are called for, particularly in the case of motor vehicles and some food sectors.

Portugal, the Patronat says, requires a more gradual transition than Greece, since low wage costs in Portuguese factories present a danger to certain French competitors.

Ways must be found of supervising the import of "*sensitive*" products into the Nine, and of triggering safeguard clauses, during the transition period.

Some aspects of Community trading policy will need revision, and customs rules will have to be strengthened, it says.

Special transition measures will also be necessary in the EEC's social policy, since enlargement will boost the free circulation of labour.

Finally, EEC regional policy will have to be reviewed in the light of enlargement, with particular emphasis given to the most affected areas of the Nine — particularly south-west France.

The question is a hot one in the south-west. It threatens to provoke a split in the left-wing Radical Party, junior member of the Union of the Left which fought the March election. The party's powerful *regional* federation came out at the weekend in strong opposition to enlargement, allying itself with the Communists *and Gaullists* on the issue and distancing itself from the Socialists, the Government and the party *leadership.*

U.S. export finance demand

BY TERRY DODSWORTH IN PARIS

THE U.S. is ready to introduce a formal system of export finance *subsidies* if the EEC does not produce satisfactory guarantees of "realistic" interest rates among member states, this week.

Mr. Gary Hufbauer, deputy assistant secretary at the U.S. *Treasury, said in Paris* yesterday that the U.S. was hoping for a positive response from the EEC at the next OECD working *party discussions* on export finance later this week.

President Carter was due to report to Congress on January 15 on the success of the negotiations. If they were not successful it was likely that the U.S. would be forced to enlarge further the scope of its own export-import programmes.

Mr. Hufbauer said the U.S. *was already matching financial* packages offered overseas on a case-by-case basis, giving interest rates as low as 4 or 5 per cent. "But what I am speaking of now would be very much larger."

He made clear that the main thrust of the U.S. attack on interest rates offered in Western Europe was against individual countries rather than the EEC secretariant.

The Brussels authorities, he indicated, were sympathetic to the U.S. position, but found difficulty in persuading member countries to change their attitudes.

The U.S. *proposals call for* a new OECD agreement to introduce "more realistic" interest rates and better "discipline" in *sectors which are excluded from* the present arrangements, such as aircraft, nuclear power-stations, ships and agriculture; *a more realistic treatment of* exchange risk guarantees, in which sponsoring Governments agree to pick up currency conversion losses; and more clarity over mixed credit packages.

Mr. Hufbauer said the *Japanese semed to be in agreement* with these policies at the last working-party meeting, although the U.S. had some *anxiety* over the complex finance arrangements for some of Japan's recent trade deals with China.

Among Western European countries, Mr. Hufbauer cited Switzerland as one which had lost large sums of money on financing currency conversion deals.

He said European anxiety *about access to the U.S. aircraft* market was less of an issue, since there was a growing realisation that European *equipment* could be sold in the U.S.

Attack on European drug prices

BY GILES MERRITT IN BRUSSELS

EUROPEAN DRUG manufacturers have been accused of setting their prices in different EEC countries on the basis of what the market will bear. The charge came in a special report on the industry by the Brussels-based Bureau Europeen des Unions de Consommateurs (BEUC).

BEUC, which links consumers' organisations throughout the Nine, concludes unequivocally at the end of its 158-page study that pricing anomalies do not reflect research costs or exchange rate differences. "The large differences found in the prices of pharmaceutical products in the different European countries are direct confirmation that the drug oligopolies are able to use their exceptional powers to set prices," it says.

The report adds: "Clearly the drug companies set the prices which they think the market will bear."

Publication of the BEUC study comes at a time of growing concern over the pricing policies of the major pharmaceuticals *manufacturers.* Last June the matter was raised in the European Parliament, when a case was cited of a cortisone-*based drug* that is *twice* as expensive in West Germany as in Switzerland.

In mid-October, the EEC Commission announced that it was undertaking a study of the situation, and is expected to submit detailed proposals for ironing out drug price anomalies to the European Council in 1980-81.

The BEUC report makes plain, however, that pharmaceuticals prices depend largely on controls exercised by national governments usually through health insurance schemes. For that reason, prices are considerably lower in the UK, France and Italy than in West Germany, the Netherlands or Denmark, where price control is either ineffective or non-existent.

Danish party election

By Hilary Barnes in Copenhagen

THE Social Democratic group *in the Danish Parliament* yesterday elected Mr. Karl Hjortnaes, a former Minster of Justice, as its deputy chairman.

The *vacancy* arose when Mrs. Dorte Bennedsen was made Minister of Education, following the dismissal of her *predecessor, Mrs.* Ritt Bjerregaard, who was held by the Prime Minister to have incurred excessive expenditure when attending a UNESCO conference in Paris in October.

Hungary tightens border controls

By Leslie Colitt in Berlin

HUNGARY, which has become the first Warsaw Pact country to abolish visa requirements with an adjoining Western country — Austria — has had to tighten its border surveillance at the request of East Germany and Czechoslovakia which are concerned about their citizens escaping to the West.

On January 1, Hungary and Austria abolished visas for their citizens entering each others' countries. Up until then, only Poland, among Parsaw Pact countries, and Sweden had abolished visas. But these two countries are separated by the Baltic Sea while Austria and Hungary share a 200-mile-long border.

Months in advance of the introduction of simplified border passage for Hungarians and Austrians, both East German and Czechoslovak security officials met their Hungarian counterparts, it has been disclosed here.

The East Germans and Czechs said they were concerned that some of their citizens might be "tempted to make illegal border crossings," that is, fleeing to Austria.

They were told by officials in Budapest that abolishing the visa did not mean Hungary was relaxing its vigilance at the frontier.

The East German and Czechoslovak Governments are nervous because in recent years a growing number of their citizens have attempted escapes through Hungary although most have been caught by Hungarian border guards

This time, however, East Berlin and Prague were reported to have felt that easing of visa requirements could lead to more escape attempts by the *millions* of Czechs, and the hundreds of thousands of East Germans who visit Hungary *each year.*

Rather than risk a controversy with its more restrictive Warsaw Pact neighbours, Hungary *has pledged to step up border* patrols and to see that no loopholes arise in the passport controls at its frontier crossings *to Hungary, through which* East Germans or Czechs might slip.

Ironically, Hungary has simul*taneously issued regulations* which make it even more difficult for its authorities to refuse a Hungarian citizen a *passport valid for travel to the* West.

Hungary leads all Communist countries in the number of its *citizens*—more than a million—of all ages who travel to the West each year. Only a very small percentage of them fail to return. Some 3.5m East Germans visit West Germany annually, but they are all pensioners. East Germans and Czechs under retirement age are seldom allowed to the West.

Lisbon pressed over tanker

By Jimmy Burns in Lisbon

THE PORTUGUESE Government came under increasing pressure yesterday to decide on the fate of the crippled Greek supertanker Andros Patria, which was reported to have been towed to a position opposite the port of Lisbon but outside territorial waters.

Representatives of Sea Transportation Corporation, the tanker's owner, and of Lisnave, the Portuguese ship repairers, met Portuguese Admiralty officials in an attempt to find out whether or not the tanker would be *allowed* closer to the Portuguese mainland to off-load some of the crude oil still on board before repairs could begin.

Continuing bad weather has prevented this work being undertaken outside territorial waters, but the Portuguese Government argues that bringing the tanker into calmer waters would bring with it a risk of pollution.

A spokesman for Lisnave yesterday said initial estimates were that some 1,000 tons of steel in the tanker's damaged hull would need to be replaced, at an estimated cost of $3-$4m.

French demands for the reform of the way the Common Agricultural Policy is financed have run up against the doughty obstacle of Josef Ertl (above), the German Farm Minister—not for the first time. Jonathan Carr in Bonn explains why this Bavarian Free Democrat pulls such political weight.

The German farmer's guardian angel

HERR JOSEF ERTL once admitted to a strong desire to pilot a Starfighter. At first glance this seems an odd ambition for a West German Agriculture Minister—particularly one whose portly frame does not seem to lend itself to the close confinement of a cockpit. But then both roles demand, among other things, technical skill and the readiness to live dangerously.

Herr Ertl will need to display both in the latest (the umpteenth) dispute with France over the workings of the European Common Agriculture Policy (CAP). And he will have to be ready, in the end, to accept an honourable draw.

The need for compromise is nothing new for him. It marked the very start of his ministerial career in Bonn almost a decade ago. As one of the right of his Liberal Free Democrat Party (FDP), he was less enthusiastic than some of his colleagues, in 1969 about the proposed coalition with the Social Democrats (SPD) with Willy Brandt as Chancellor. But he joined in after much heart-searching. The *coalition is still there*—and so is Herr Ertl, though it is no secret that he has, at times, come close to *stepping down.*

One domestic crisis particularly worth recall came in 1974 when the new Chancellor, Helmut Schmidt, had taken *office thirsting for reform* of what he called the "massive misguidance of economic resources" of the CAP. The *Cabinet at first failed to accept* farm price decisions agreed by Herr Ertl and his European colleagues in Brussels, finally *doing so only after the matter* threatened to split the SPD-FDP alliance.

The lesson is that Herr Ertl is a powerful man because he has a key role in a small party (7.9 per cent of the vote at the last general election) essential to the Government majority. He is an individualist not just as a relative conservative among liberals at national level but, on his home ground of Bavaria, as a liberal in a sea of conservatism.

Born near Munich on March 7, 1925, the son of a farmer, he married the daughter of the first Federal Minister of Agriculture and might easily have become part of the dominant Bavarian political force, the Christian Social Union (CSU). Instead he chose the FDP and has been a key factor in enabling the party in Bavaria to keep above the five per cent level of voter support needed *for* parliamentary representation, despite dire warnings from the pundits about political obliteration.

Further, and this needs stressing in the European context, Herr Ertl is seen as a highly successful minister by his farmers (their "guardian *angel" he once called himself*) and is not considered unsuccessful by consumers. The latter virtue may appear odd to those *who compared high food prices* within the Community with world market prices. But then in the West German context of *low inflation, food prices have* long been quite stable while incomes have been rising.

That does not mean there is no domestic pressure on Herr Ertl to change some policies. The SPD Finance Minister, Herr Hans Matthoefer, for example, would love to obtain added revenue from those farmers who, according to an expert's report last year, seem grossly undertaxed. But it is an uphill task.

Herr Ertl has presided over a phase of structural change in which farmers have become fewer, holdings have become bigger, productivity has sharply increased and agricultural exports have flourished. West German farmers representatives are inclined to ask plaintively whether one must penalise success?

Part of the trouble is that this "success" has become rather too obvious to others — most clearly in the large stocks of surplus dairy produce on West German soil (admittedly not all of it produced domestically). Herr Ertl has *stoutly* defended the maintenance of at least some elements of the system of Monetary Compensatory Amounts (MCA's) in the Community agriculture trade, on grounds his farmers should not be forced to receive lower prices just because domestic inflation is low and the D-mark is constantly revalued. But the combination of high guaranteed prices for agricultural produce and relatively low input costs thanks to a strong national currency, is giving West German farmers an advantage un-expected even a few years ago. This is the core of the argument with the French, who have demanded a timetable for phasing out MCAs and have held up introduction of the European Monetary System (EMS) until they receive satisfaction.

Herr Ertl has bluntly stated that he could not accept both an early cut in MCAs, and a freeze on some farm prices as the European Commission suggests, since this would mean a *reduction in real income for his* farmers. It looks like a case of the irresistible force and immovable object. But then it *has often done so over Herr* Ertl's decade of office. Without compromise there will apparently be no monetary system, and without that there will be no progress towards that economic and monetary union without which, according to Herr Ertl, the CAP will remain a body without a head—with all that implies by way of senselessness.

BANTRY BAY DISASTER

Oil terminal at low ebb

BY KEVIN DONE, ENERGY CORRESPONDENT

GULF OIL'S trans-shipment terminal at Bantry Bay, Ireland, was brought into operation in 1968 as part of the company's response to the rapid growth in the size of crude oil tankers.

By 1974 it was operating at peak capacity of more than 450,000 barrels of crude oil a day. But the company planners had reckoned without the dramatic effects both of the OPEC oil price increases on world trade, and of the discovery of oil nearer home in the North Sea.

By last year, the terminal, which has a storage capacity of 1m tonnes of crude oil, was *operating at only 25 per cent of capacity.* It has been used in the past by several other medium-sized oil companies for crude *storage, but recently,* depressed oil trading conditions have restricted the terminal's use almost exclusively to meeting *Gulf's own demands.*

The storage of crude at Bantry Bay by other oil companies is virtually limited to occasional emergencies, but ironically the tanker which exploded yesterday with such devastating results was one of *these rare cases.*

The 120,000-dwt tanker, Betelgeuse, owned by Compagnie Naval des Petroles, a subsidiary of Total, the French oil company, was bound for Portugal but was diverted because of berthing problems at the Portuguese port of Rexcous.

The cargo of Saudi Arabian crude—a mixture of light and *heavy crudes—was destined for* Petrogal, the Portuguese State oil company.

The development of the Bantry Bay terminal in the late 1960s was a result of Gulf's transportation philosophy of "bringing the oilfields closer to the refineries," aimed at reducing mounting costs of transportation.

The plan was to carry crude oil in very large crude carriers to deep-water terminals in oil consuming areas and then transfer it to conventional smaller vessels *for transportation* to refineries. Two other terminals were built in Nova Scotia and in Japan.

Bantry Bay was built to receive the biggest tankers—up to 500,000 tons dwt—from the Middle East but the concept *could now be reversed with the* discovery of oil in the North Sea. Gulf considers that the terminal is ideally suited to *handle North Sea* crude, so it could play a significant new role in an oil trade east to west across the Atlantic.

Gulf has a share in several North Sea oilfields, including Dunlin, Statfjord, Thistle, Hutton and Murchison, although much of this production is scheduled to flow to the Sullom Voe oil terminal in the Shetland Islands.

The crude oil currently transhipped into smaller tankers at Bantry Bay is used at the company's refineries at Milford Haven in South Wales, Stigsnaes in Denmark, and to a lesser extent at Rotterdam in Holland.

THE MIDDLE EAST

Syria and Iraq reach oil agreement

BY LOUIS FARES IN DAMASCUS

SYRIA AND IRAQ yesterday signed an agreement in principle on the renewed transit of Iraqi crude oil across Syria to the Mediterranean port of Banais. Work is to begin on a detailed agreement on this important issue, one of several that the two countries want to solve in their new spirit of friendship.

Iraq stopped pumping its oil across Syria in April 1976, as a result of which Syria lost about $200m a year in royalty fees.

The agreement in principle on the transit of oil came at the end of five days of talks here by a joint economic committee established under the Charter for Joint Action signed by the Iraqi and Syrian presidents in Baghdad last October. The charter signalled the end of several years of bad relations between the two states.

The chiefs of the two delegations yesterday expressed their desire to "continue unification steps until full union is reached." Agreements were signed covering co-operation and integration in various fields *including agriculture, industry,* planning, oil and banking.

On the political side, the Syrian Information Minister said on Sunday that the two states were working as hard as they could to achieve total union, including "unifying our armed forces in one army and under one command."

He did not elaborate on the nature of this union. "We are still prospecting what better form of union we should adopt," he said. But he did not exclude the possibility of a kind of central administration with *one minister for the posts of* defence, of foreign affairs and of information.

Referring to the question of *reunifying the two wings of the* Ba'ath party, split between the two states, he said: "On the party level our objective is to *unify the party. This will be* done in the proper time."

The Syrian Information Minister sought to play down the row which arose at the end of last year between Syria and the Soviet Union over the supply of sophisticated weapons to Syria. He said that the presence in Moscow of a Syrian *military delegation* led by the Defence Minister, General Mustapha Tlas, meant that contacts between the two sides had not been interrupted. "It also means that any divergence of view between friends can be settled," he said.

He also denied rumours of impending changes in the leadership in Syria, blaming them on "hysterical reactions" by "imperialist and Zionist circles" to the steps towards union between Syria and Iraq.

Lebanon draws up £4bn plan for reconstruction

BY IHSAN HIJAZI IN BEIRUT

LEBANON HAS completed the draft of a plan worth L£22bn (approximately £4bn) over a five-year period, aimed at re-building key buildings, roads and institutions destroyed during the civil war.

The blue-print, prepared by the Government's Reconstruction and Development Council (RDC) is to be submitted to a conference by Arab Finance Ministers who are to meet soon to discuss the Lebanese requirements.

Mr. Mahmoud Riad, the Arab League Secretary General, is due in Beirut in a week's time to discuss with Lebanese officials arrangements for the Arab conference.

The Arab summit meeting which was held in Baghdad last November agreed that reconstruction aid to Lebanon should be determined by Arab Finance Ministers within three months.

The plan lists 18 main projects in the public sector with an estimated cost of L£10bn, of which L£6.4bn will be needed in the form of foreign assistance. Private sector needs have been estimated at L£12bn, of which L£8bn will be required from outside sources.

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OVERSEAS NEWS

Former S. African information chief's property seized

BY QUENTIN PEEL IN JOHANNESBURG

GOVERNMENT officials have seized the title deeds to properties owned by Dr. Eschel Rhoodie, the former South African Secretary of Information, who has left the country and disappeared since being interviewed in connection with the alleged misappropriation of public money in his former department.

The move was disclosed by Mr. Jimmy Kruger, the Minister of Police, and confirmed by Dr. Rhoodie's wife, Katie. It follows weeks of speculation here over the whereabouts of the former top civil servant, whose South African passport was withdrawn in early December.

A Johannesburg newspaper, Beeld, reported yesterday that the Government had recovered money from private bank accounts outside South Africa which had come from the secret funds of the Information Department. The money included some R2m. ($2.3m) profit made by the Department in financing the purchase and subsequent sale of shares in Morgan Grampian, the British publishing house.

Dr. Rhoodie's properties which have been frozen by the state are his home in a luxury suburb of Pretoria, the state capital, a house at Bantry Bay, Cape Town, and a holiday cottage in Nature's Valley, on the scenic Cape Coast "garden route."

The activities of Dr. Rhoodie's former department, including the spending of secret funds totalling some R64m. ($73.6m), threaten to have further political repercussions here. Opposition MPs are trying to halt the sale of a printing press bought by the Citizen newspaper, which was established by the Information Department with its secret funds. They claim that the press is being sold for less than half its true value to a pro-Government publishing company.

Oil workers leave Iran

BY SIMON HENDERSON IN TEHRAN

THE CARETAKER group of expatriate oil workers looking after the interests of the Western oil consortium have been evacuated because of fears for their safety.

They were no longer needed while anti-Shah strikes were keeping oil production low. The 65 people, mostly Americans but including some Britons, were flown from Abadan, the refinery town on the Gulf, to Athens by chartered aircraft on Sunday and yesterday.

The employees were the only expatriates who stayed in Ahwaz, the main oil town, when 1,300 other staff and dependants were evacuated in the last week of December, after the assassination of Mr. Paul Grimm, the American production manager, and intensified anti-Shah action by Iranian oil workers. Their loss will halt exploration and schemes for secondary recovery of oil, including gas injection.

Only four expatriates, based in Tehran, are still working for the Oil Service Company of Iran (Osco), the consortium which produces most of Iran's oil on a service contract. Some Iranian employees are still at work, but yesterday's production was only 265,000 barrels, the same as the day before and only a fraction of the normal domestic demand of at least 700,000 barrels a day. Production would need to reach 1m b/d to rebuild up stocks.

No written protest has been received from the Iranian Government, but it is understood that the men flown to Athens are officially described as being on three weeks' leave. Thus the question of breach of Osco's contract does not immediately arise.

The decision to evacuate them was taken after the Iranian Army withdrew from the oilfields and other installations in an effort to appease the strikers and allow production to return to the level of domestic demand. The lack of petrol and heating oil has been causing widespread inconvenience.

Despite agreements between an anti-Shah politician, Dr. Mehdi Bazargan, and the strikers to resume production, most refineries are still not working. The main one, at Abadan, which has been partially in operation, is now being affected by lack of storage space for the heavy distillate fuel oil usually used by tankers.

Chinese fist-shaking unlikely to end in war

BY JOHN HOFFMANN IN PEKING

CHINA'S RELATIONS with Vietnam and, by proxy, with the Soviet Union, have sunk to a new low point with the Vietnamese defeat of Cambodia. But whether the hostility will remain a war of words or escalate to armed conflict is far from clear.

There is no doubt that the Chinese fist is being shaken more vigorously than ever at the Hanoi régime. Reports of troop movements near the Sino-Vietnam border indicate that military activity has been increased. But no diplomatic observer in Peking will risk predicting more than the customary verbal sniping that has characterised relations between the two states.

The outbreak of a real war between China and Vietnam still seems a remote possibility, according to one of the most experienced China-watchers in Peking — Prince Norodom Sihanouk of Cambodia, who is here for consultations before addressing the UN in New York on Cambodia's behalf.

The prince, a former Cambodian Head of State and now the defeated régime's Ambassador-at-large, said yesterday: "I do not think it would be useful to attack Vietnam from the Chinese frontier. It would be dangerous because the Russians might use the conditions for a Sino-Soviet war on the northern frontier."

Prince Sihanouk is probably right. China is interested in keeping the Soviet Union at bay by political means, but it is not equipped to fight a war with the better-equipped Russians. Peking wants no war that will interfere with the primary Chinese objectives of modernising industry and agriculture.

An open war with Vietnam would on past Chinese definitions involve the Soviet Union ("Vietnam is the pawn of the Soviet Union—the Cuba of South-east Asia"). The Chinese leadership is resigned to a major war with the Soviet Union but has been convinced that it could be fought by someone else—specifically the U.S.

However, China is a nation that has never gladly suffered loss of face, and the news from other South-east Asian capitals last night that not only Phnom Penh but virtually the whole of Cambodia had fallen to the Vietnamese will present Peking with a decision of conscience. The Chinese leadership has pledged support for the Government headed by Pol Pot and that may be a costly pledge to redeem.

Tourists who reached Peking three days ago after visiting southern China told of busy troop movements near Nanning, capital of the border province of Guangxi (Kwangsi). Tanks, trainloads of equipment, and convoys of troops had been seen heading South, they said.

South of Nanning there is only one destination — the troubled border region which has generated a long tally of complaints and counter-charges between China and Vietnam of territorial incursions and armed attacks.

THE INDO-CHINA CONFLICT

It is possible that the arms moving south are simply segments of the garrisons formerly stationed on the Fujian (Fukien) coast — no longer needed there since China called a stop to the bombardment of Taiwanese-held offshore islands on New Year's Day. But the increasing vehemence of Chinese propaganda against Vietnam suggests that Peking has decided to flex a little more muscle on its southern border.

Prince Sihanouk told a press conference here that China was studying ways of providing Cambodian resistance fighters with arms. "I can't say more. It's a secret. But China will be able to supply us with every type of weaponry as well as food."

The Prince said Deng Xiaoping (Teng Hsiao-ping), China's Vice-Premier, had told him that China was determined to support the Pol Pot regime. It would offer all types of aid to allow the leadership the chance of reconquering their nation and regaining independence.

Explaining his trip to the United Nations, Prince Sihanouk said he was not sure what the changed circumstances in Cambodia would mean to his plans. "I do not know exactly where my Government is, so I don't know in what capacity I shall be going. However, I was told a few minutes ago that Pol Pot and Ieng Sary are safe and in good shape."

Thai dilemma over invasion

BY RICHARD NATIONS IN BANGKOK

GENERAL Kriangsak Chomanan, Thailand's Prime Minister, denied yesterday that the armed forces were on special alert because of the invasion of neighbouring Cambodia. In a broadcast on Sunday night, he advised the nation that there was no cause for panic, but he warned that the Vietnamese "should not cross the Mekong and threaten our national security."

The invasion has put Thailand in a dilemma. So far the Thai military has apparently refused to consider support for a Khmer Rouge insurgency aimed at recapturing the capital. Even if the Cambodian leadership is intact and Pol Pot can rally the population against the Vietnamese—which many observers here doubt—there remain overwhelming problems of supply. The Khmer Rouge's only ally, China, has no common border with Cambodia and would have to transport goods through Thailand.

Thai collusion with Peking and the rump of the Khmer Rouge would bring Bangkok into direct confrontation with Vietnamese policy in Combodia. But whether it is preferable passively to allow Vietnamese divisions to take up positions on the Thai-Cambodian border—a development which threatens to provoke considerable domestic instability—is a question the Thais probably will not decide on until they see how quick and in what strength the Vietnamese move west.

During his year in office, General Kriangsak has promoted friendly relations with all of Thailand's Indo-china Communist neighbours, as well as China. But the invasion of Cambodia will definitely pose a dilemma for his policy of strict neutrality in quarrels among the Asian Communist powers.

For centuries the Thais have tried to preserve a friendly regime in the smaller and weaker Cambodia as a buffer against what has been viewed historically as the much greater threat of Vietnamese expansion. For over a decade, the Thais allowed their territory to be used as a rear base and staging area for the U.S. war against the Communist Vietnamese.

In the past year, General Kriangsak has cultivated relations with Pol Pot, and the two governments were expected to exchange ambassadors this March. But once the Hanoi-backed Cambodian United Salvation Front proclaims a Government in Cambodia (where a provisional administration has been established) —the question of recognition threatens to polarise the region diplomatically between Chinese and Vietnamese camps.

There is also the more immediate threat of tens of thousands of Cambodian refugees fleeing to Thailand once Khmer Rouge authority in the western border provinces disintegrates entirely. As yet, this appears not to have happened, though, despite the front's claims that it has "seized vast rural areas and cities throughout the country."

Wong Sulong adds from Kuala Lumpur: Malaysian leaders have not publicly commented on events in Cambodia, but they are as concerned as their ASEAN partners over the pro-Vietnamese takeover of Phnom Penh.

Malaysia's silence is a reflection of its desire not to jeopardise its rather warm relationship with Hanoi. At the same time however doubts are being cast on Hanoi's protestations of peace and friendship with its neighbours.

The goodwill created by Mr. Pham Van Dong, the Vietnamese Prime Minister, during his recent trip to Kuala Lumpur was largely dissipated by Hanoi's policy on the refugees leaving Vietnam. Nevertheless, Malaysia, with its large Chinese population, sees Hanoi as a useful balance to Peking's influence in the region.

How Malaysia would react to events in Indochina would depend largely on how Thailand adjusts to the new situation. Both Malaysia and Singapore consider Thailand as the key to their own security, and Bangkok's reaction would have a direct bearing on Malaysian and Singaporean attitudes on regional security.

Phnom Penh's fall pleases Soviet Union

By Anthony Robinson, East Europe Correspondent

THE SOVIET UNION yesterday signalled its satisfaction with the of Phnom Penh. The news was covered on the front pages of Pravda, the official party newspaper, and other newspapers. Foreign news is rarely published on the front pages of official Soviet newspapers, and even news of the fall of Saigon to Communist troops in 1975 was relegated to the top of page five, the page normally dedicated to international ever's.

Such a break with precedent could only have been made on the instructions of the top Soviet leadership, and doubtless reflects the Politburo's assessment that this blow to what TASS yesterday described as the "reactionary, dictatorial clique" in Cambodia represents a substantial victory in its own ideological struggle with China.

The Soviet Union has consistently played down the Vietnamese army's role in Cambodia, and has strongly supported the Cambodian Salvation Front.

Significantly, however, formation of the front, which was announced virtually simultaneously in Moscow and Hanoi, and the stepped-up Vietnamese operations in Cambodia, closely followed the signature in Moscow last November of a 25-year peace and friendship treaty between Vietnam and the Soviet Union.

Tokyo assesses trade and aid policy toward Hanoi

BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO

JAPAN plans to reassess its policy towards Vietnam following the capture of Phnom Penh by Vietnam-backed insurgents, a Foreign Ministry spokesman said yesterday.

The reassessment will include a critical look at the official Japanese aid programme under which Vietnam was due to receive Y4bn (£10m) worth of grants and Y10bn worth of loans in the coming year. The chances are that aid will be cut.

A complicating factor in the attempt to use aid as a sanction against Hanoi is that the Vietnamese Government agreed last year to take responsibility for some Y16bn worth of debts owed to Japan by the former South Vietnamese Government.

Suspension of Japanese aid almost certainly would provoke Hanoi into defaulting on the South Vietnamese repayments. Conceivably, it could also place at risk the sums owed to Japanese exporters who have sold goods to Vietnam on deferred payment terms in the past two years.

Japan's quick reaction to the events in Cambodia reflects its desire to be seen to be playing an active part in Indo-China, even if the scope for the exercise of its influence is limited.

South-East Asia has been the focus of Japan's recent attempts to emerge from its relative isolation as an exclusively economic power. These attempts have involved stepped-up assistance to both Communist and non-Communist States in the region and a continuous exchange of visits by Japanese and South-East Asian (including Indo-Chinese) officials.

The Deputy Foreign Minister of Vietnam visited Japan twice in the second half of last year, followed by a visit by the Foreign Minister, Mr. Nguyen Duy Trinh, who was promised that Japan would continue its aid to Vietnam in 1979 at the relatively high levels agreed for 1978.

Mr. Trinh reportedly asked for an increase in aid but was turned down partly because of worries in Tokyo about Vietnam's increasingly pro-Soviet stance. A statement released during the Foreign Minister's visit said that aid was being extended on the understanding that Vietnam maintained its "independent line" in foreign affairs.

Officials stressed yesterday that the aid Japan has so far given to Vietnam has been for peaceful purposes only and has "nothing to do" with the re-assertion of Vietnamese military strength. Japanese private-level contacts with Vietnam, however, have included talk on projects (such as the export of steel-making equipment) which indirectly could serve to strenethen Vietnam's capacity to dominate its neighbours.

AMERICAN NEWS

U.S. oil workers' leaders considering pay formula

BY JOHN WYLES IN NEW YORK

LEADERS of 60,000 U.S. oil refinery workers, unwilling to accept President Carter's pay guidelines, but reluctant to be the first to challenge them, were yesterday mulling over a possible settlement formula from Standard Oil of Indiana.

When the Oil, Chemical and Atomic Workers Union's two-year contract with the oil industry expired at midnight on Sunday, the union's leadership drew back from issuing an immediate *strike call*. However, workers at Texas plants of Gulf Oil Corporation and Arco Polymers walked out in dispute a few minutes after midnight, allegedly over a local issue. Other unofficial stoppages are possible before the union decides on its next move.

Although the national agreement covers 100 companies and 411 plants the negotiating pace is set by a bandful of companies and Standard Oil of Indiana emerged from their ranks over the weekend with a development on earlier proposals.

Instead of a proposed 7 per cent wage increase in the first year and 6 per cent in the second — in line with the anti-inflation policy — the oil company proposed an 8.3 per cent first-year increase lined with an opportunity to open negotiations in the second year if the voluntary guidelines were no longer applicable. But the offer would apparently require the union to accept 6 per cent increases in the second year to conform for the time being with the President's policy which limits rises to an average of 7 per cent.

While warning that the prospect of a national strike is still "very real" Mr. Al Grospiron, the union's president, said on Sunday that Indiana Standard's offer was "more attractive than the others." Mr. Grospiron's problem is that a strike by his members has only minimal impac on refinery production and, as a result, stoppages in the past have been prolonged. The oil companies, at present staunchly defending the President's policy are fully prepared for a stoppage, and their supervisory staffs are standing by to man the refineries.

From the White House's point of view, the refinery workers are among the best possible first tests for the policy because of their limited strength. But if they accept a settlement in line with the guidelines, the victory could prove insignificant because other groups, with more industrial power, are showing reluctance to accept 7 per cent rises when the inflation rate is close to double figures.

Truck drivers of the Teamsters' Union, who may offer the biggest challenge to the policy, are to start negotiations on a new master freight agreement on January 3. The Teamsters have not made their cash demands, but they are bound to be above the Government's ceiling. In addition, leaders of 67,000 rubber industry workers will be drawing up demands early next month for an agreement to run from April, and these are also expected to test the guidelines.

NY Senate rejects Carey's new men

By John Wyles in New York

MR. HUGH CAREY'S second term as Democratic Governor of New York has got off to a fevered start with a constitutional clash with the Republican-controlled State Senate.

Mr. Carey used the 60 hours of recess between the dissolution of the old legislature on December 31 and the installation of the new one elected last November on January 3 to make 68 appointments *which he claimed would not need the normal constitutional consent of the Senate.*

Since several of the appointments pushed Republicans out of state jobs, party members in the Senate reacted furiously and rejected all 68 appointments last Wednesday.

Governor Carey argued that this made no difference and that the appointees, ranging from a new Secretary of State to the Commissioners of several state departments, were legally in office and already functioning.

But yesterday Mr. Edward Regan, the newly-elected State Comptroller and the only Republican in a top job, stymied the Governor by announcing that the Senate rejection of the appointments effectively terminated their service.

As Comptroller responsible for the administration of public funds, he had therefore decided that Mr. Carey's men could not receive their salaries so long as the legality of their appointments remained uncertain.

Senate leaders have promised to proceed with the appointments quickly if Mr. Carey resubmits them, and are due to meet the Governor yesterday to discuss the problem. *In the meantime it is unclear how much state business will be paralysed by the imbroglio, which does not augur well for Mr. Carey's future dealings with the Senate.*

Unions give Pinochet a little time

BY HUGH O'SHAUGHNESSY

The Government of Gen. Augusto Pinochet in Chile has been looking increasingly beleaguered in the past few months in the face of three threats to his administration's stability.

This morning in Washington, *receded, at least for a week*; another seems as though it might prove less dangerous than Gen. Pinochet feared; but the third has started to do disastrous damage to the structure which the General has been trying to erect ever since he seized power in September, 1973.

Yesterday, the group of international trade unions which had been threatening to boycott all goods moving to and from Chile met in Washington and decided to stay their hand until next Monday at the earliest. As a result, Chile's foreign trade will be given a further short lease of life while the ORIT, a grouping of trade unions in most countries of the Western hemisphere, which notably includes the U.S.'s powerful AFL-CIO, decides what to do.

In Lima in November, the ORIT, a union confederation which was in the past considered an agent of U.S. foreign policy in Latin America, decided it would do something about the continuing lack of workers' rights in Chile, and in particular about the *virtual ban on strikes*. It linked Chile with Nicaragua and Cuba, and decided to block the foreign trade of all three, with trade unionists refusing to handle goods to and from those countries. Since Cuba is a member of Comecon and does little if any trade with the U.S., its practical effect on the Havana Government was not expected to be great. Nicaragua has little foreign trade at the best of times, and even less now there is widespread civil strife in that republic.

Chile, however, stood to lose very heavily indeed. The U.S. is Chile's biggest market and Chilean copper, the main export, is easily identifiable by dockers, hauliers and furnacemen. Other outlets for Chilean copper were not easy to organise in short order. General Pinochet hoped his very good relations with the Peking Government would lead to the Chinese taking more copper, but as Government spokesmen in Santiago were playing this up, the Chinese announced they had found big new copper deposits and would in future be importing less metal.

Just before Christmas, a thoroughly alarmed Chilean Government sent a ministerial mission to Washington to plead with Mr. George Meany, the head of the AFL-CIO. Mr. Meany answered that the whole problem could be resolved "in five minutes," if only Gen. Pinochet's Administration would introduce trade union rights.

This remark appears to have decided Gen. Pinochet to reshuffle his Cabinet. A new Labour Minister, Sr. Jose Pinera, aged 30, was appointed. *He promised that free trade* union elections could be held in mid-1979.

Although workers' leaders in Chile were sceptical of the value of the new Minister's policy statements, the collapse of the Pinochet Government under the pressure of the ORIT has tempted them to continue talking informally with the Labour Ministry. The ORIT, therefore, announced that the boycott of Chilean goods would not go ahead before next Monday "at the request of democratic union leaders in Chile."

Meanwhile all had not gone well on the trade union side, as Western European trade unionists disagreed with the ORIT's linking of Chile and Cuba and were cool on the idea of a boycott. The International Confederation of Free Trade Unions, based in Brussels, decided it would not consider the matter until a meeting next month.

It is thought that the U.S. State Department has been counselling caution on the boycott, and has been lobbying Mr. Meany to tread more softly, although the AFL-CIO in Washington yesterday denied this.

Having all its cargoes blacked by angry trade unionists in the Western hemisphere would have had extremely serious consequences for Chile at a moment when they could have been on the brink of war with their powerful eastern neighbour, Argentina, over a territorial dispute in the Beagle Channel.

The morale of Chilean troops, even under the rule of President Pinochet, is probably better than that of the bitterly *divided and highly politicised* armed forces in Argentina. Chile could do better than Argentina in the first stages of any shooting war, but the weight of Argentinian resources would eventually overwhelm Chile. Thus any relief of pressure from Argentina is greatly to be welcomed by Gen. Pinochet.

Montreal police detail Cross kidnap charges

MONTREAL — Mr. Jacques Lanctot faced arraignment yesterday in the 1970 kidnapping of Mr. James Cross, the British diplomat, and the attempted abduction of the Israeli Consul in Montreal earlier that year.

M. Lanctot, 33, arrived here from Paris with his wife and three children, ending eight years of exile which began *when he and four other members of the Front de Liberation du Quebec (FLQ)* members, were flown to Cuba following Mr. Cross's release.

Police say M. Lanctot is to be charged with conspiracy, kidnapping, forcible detention and extortion in connection with the 59-day kidnapping of Mr. Cross, then British Trade Commissioner in Montreal. He also faces charges of conspiracy to kidnap and possession of a deadly weapon arising from an alleged FLQ plot early in 1970 to kidnap Mr. Moshe Golem, then Israeli Consul here. M. Lanctot was arrested following the unsuccessful plot but was freed on bail and left the country before being brought to trial. AP

Mexico may limit oil production

BY WILLIAM CHISLETT IN MEXICO

THE MEXICAN Government is considering putting an upper limit on oil production. Pemex, the state-owned oil monopoly, has been producing oil as quickly possible, but now conservation is replacing expansion as a guideline for production.

Pemex is producing about 1.5m barrels a day, which by 1980 will rise to a maximum of 2.2m b/d. Pemex has now started to plan for the period after 1980, and is contemplating imposing a ceiling on production.

Sr. Jose Lopez Portillo, Mexico's President, said last week the time had come to give serious thought to the impact of oil money on Mexico, and to fixing a "platform of production" dictated not by oil reserves, but by the Mexico's financial and oil needs.

Mexico's proven reserves increased by 100 per cent at the end of the year, to 40bn barrels. Probable reserves rose to 44bn barrels; Potential reserves, which include the previous two figures, still total 200bn barrels, and are expected to be raised in March.

Learning to live without oil, Page 20

With the worst of the economic crisis over, the Government feels it no longer has to use the oil to obtain foreign credit. After the 1976 devaluation of the peso, oil production, which was kept deliberately low by the Echeverria Government, was pushed up by Sr. Lopez Portillo to restore confidence and bring in much-needed foreign exchange. Pemex is now expected to earn $3.7bn this year from exports, and the problem is more one of making sure that oil production does not get out of control and overheat the economy.

No new production target has been mentioned, but the feeling is that it could well surprise the U.S., which gives every impression of expecting Mexico to keep increasing its output.

Our Georgetown Correspondent adds: Several U.S. oil companies are backing the "Committee for the Caribbean," which has been set up in Washington to promote closer relations between the U.S. and the Caribbean states' private sectors. The committee, which is expected to be similar to the London-based West India Committee, will concentrate on public policy and Government relations, investment, trade and community development.

Waldheim starts Cuban visit

HAVANA — Dr. Kurt Waldheim arrived here yesterday on the first visit by a UN Secretary General to Cuba since the October missile crisis of 1962. Dr. Waldheim has said he will discuss international economic questions, particularly relations between industrialised and developing countries, *with Cuban President Fidel Castro during his two-day stay.* Reuter

Anti-Peronist dies at 76

BUENOS AIRES — Ernesto Sammartino, a firebrand politician who devoted most of the last three decades to a fight against Peronism, died on Sunday night. He was 76. Sen. Sammartino joined the ranks of the middle-of-the-road Radical Civic Union (UCR) at the age of 18. He graduated as a lawyer and in 1946 he was elected a Congressman, in the same general elections in which then Colonel Juan E. Peron won his first term as President of Argentina.

Colombia prices down

BOGOTA — The cost of living in Colombia rose by 18.73 per cent last year, compared with 29.4 per cent in 1977, the National Statistics Department said yesterday. Inflation in December, 1978, was 1.2 per cent. Reuter

U.S. COMPANY NEWS

Fairchild Industries buys 20 per cent of Bunker Ramo; United Technologies appoint Carrier Corporation directors; Resorts International li[illegible] hearings start[illegible]

BRAZIL'S CAR INDUSTRY

Overtaking the top ten

BY DIANA SMITH IN RIO DE JANEIRO

BRAZIL IS now the world's tenth largest economy and last month it also became the world's tenth largest car producer, having hit, then overtaken, the 1m vehicles a year *mark*.

Announcing that Brazil had now moved into the top ten (with the U.S., Japan, West Germany, France, the USSR, Canada, Great Britain, Italy and Spain), Sr. Mario Garnero, director of Volkswagen and president of the Brazilian Association of Vehicle Manufacturers, proclaimed that "an event of great economic and historic relevance has taken place."

Brazil's car industry began 21 years ago. From 1960 to 1970, the human population grew from 70.9m to 94.5m; the car population grew by 151 per cent. Today, with a population estimated at close to 120m, Brazil *has one domestically-manufactured* car for every 18 inhabitants.

Most new or used vehicles are bought on hire purchase. The growth of finance companies, tied to banks or car manufacturers, has mushroomed as dramatically as that of car parts manufacture.

Mass car production has led to the development of a network of new roads, bringing doctors, district nurses and teachers to half-forgotten backwaters and spurring internal tourism.

Rising car production has also meant greater demand for steel, glass, paint, rubber and other essential materials which were originally imported and are now increasingly supplied by domestic sources.

It also swelled the insurance trade, rather unhappily, since Brazil has the highest rate of fatal road accidents in the world — 26.5 for every 10,000 vehicles. In 1976, 400,000 traffic accidents killed 16,500 people and injured 150,000 others, while from 1972 to 1976 $15bn were lost on material damage from road accidents.

In a more positive vein, Brazil's vehicle industry has made a profound impact on foreign trade. In 1978 $1.2bn worth of cars, motors, parts and pieces were sold abroad, 80,000 units to 60 different countries compared with 3,500 units in 1972.

In 1977, the vehicle industry provided 113,000 direct jobs and 5,000 new jobs were created in 1978. Fiat of Brazil, which produced its first Brazilian-made Fiats in 1976, estimates that for every one of the 10,000 jobs at its high technology, 200,000 unit capacity factory, 3.5 indirect jobs are created in parts or components factories or services.

Volkswagen, the pioneer in Brazil's car industry, plans to invest $800m in expansion of its Brazilian operation in the years to come.

Not long ago, Volkswagen enjoyed 60 per cent of Brazil's small car market. Its "beetle" is almost unfailingly the first car a Brazilian

WORLD TRADE NEWS

U.S. GATT documents anticipate new aircraft agreement by 1980

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

THE U.S. is optimistic that a complete *elimination of tariffs* on trade in civil aircraft and aircraft parts can be agreed in the course of the Multilateral Trade Negotiations (MTN) in Geneva.

In publishing yesterday executive summaries of the assorted trade codes being worked out in Geneva, the majority of which cover well-known areas, the U.S. Government said that prospects for a civil aviation agreement were encouraging in spite of the late introduction of the issue into the Tokyo Round of talks.

The U.S., the documents state, is prepared to eliminate its own 5 per cent import duty on foreign aircraft if other nations accept substantial reduction of non-tariff barriers outside the immediate scope of the MTN agreements.

In addition to the elimination of tariffs, the U.S. is seeking "strong commitments" from other nations to *reduce discrimination* in the application of national policies governing standards, procurement, offsets, quantitative restrictions, financing, and other inducements to domestic industries.

The U.S. intention is to have such a new regime in place by January, 1980. It would include *provisions for regular* international review, some method for settlement of dispute and withdrawal clauses. A single working text on the subject has now been worked out in Geneva and it is hoped that the agreement can be concluded this month.

When the U.S. first introduced the aviation issue into the MTN talks last autumn, its move was greeted with some scepticism. It was felt in some quarter that the real U.S. purpose was to protect its existing dominant role as the world's largest aerospace manufacturer and was designed to curb the burgeoning aerospace activities of the Europeans, Scandinavians, Japanese and Canadians.

In particular it was argued that the intimate ties between U.S. industry and the vast military-industrial complex here already provided American companies with what amounted to precisely the sort of Government assistance the U.S. was objecting to when applied in other countries. The U.S. has made no secret of its distaste of the financing packages that, *for example, the European air*bus has been able to avail itself of in its sales pitches both in the U.S. and in *third* countries.

The other documents, which have been presented in such a way as to make them more palatable to the U.S. Congress, do not appear to contain any major disclosures. They confirm that final agreement has yet to be reached in several areas—including commercial counterfeiting (such as abuse of brand names), Government procurement standards, the degree of selectivity to be applied in the safeguards code, and certain agricultural subjects, particularly wheat.

In particular, the documents state that the "specific conditions for selective action (against imports) and the role of the surveillance body is still unsettled in the code" on safeguards.

Summarising what it agrees is the most controversial aspect of the safeguards code, the U.S. notes that the present Article 19 (of GATT) "requires a country taking safeguard action to restrict imports of the product concerned from all sources—that is, to take action on a Most Favoured Nation (MFN) basis. Some countries want to the MFN retained. Others insist that a country should have the right to restrict imports from the source (or a few sources) if it can be shown that imports from that source (or those sources) are the cause of serious injury."

The documents also confirm that the U.S. has made a couple of concessions which are now more of a symbolic nature but which have long been the stuff of serious international trading disputes. These are the abolition of the American Selling Price System of customs valuation and the introduction in the U.S. of a formal "injury test" before countervailing duties are exacted.

As a tailpiece, the documents also note no less than 71 requests made of the U.S. by other nations which are not currently part of the active negotiations but which may crop up in due course. These range from the relatively esoteric (cutting duties on sparkling cider and permitting imports of fossilised Canadian whalebone) to the highly controversial (ending speciality steel quotas, dropping the ban on natural uranium imports, and urging the U.S. not to establish a consumer protection agency).

Soviets put 'pressure' on Italy over arms sales

By Paul Betts in Rome

THE SOVIET Union is understood to be putting pressure on the minority Christian Democrat government in an attempt to stop the eventual sales of arms to China by Italian manufacturers.

Sig. Giulio Andreotti, the Italian Prime Minister, is *reported to have received a* letter from Mr. Leonid Brezhnev, the Soviet leader, urging Italy to refrain from supplying military equipment to Peking.

The letter, which is said to refer to a scouting mission by a Chinese military delegation in Italy last year, comes shortly before the visit here later this month of Mr. Andrei Gromyko, the Soviet Foreign Minister.

Mr. Gromyko, whose talks here are expected to focus on Soviet relations with China, is scheduled to come to Rome between January 22 and January 26, coinciding with the departure of a mission of Italian bankers to Peking to discuss the opening of export credit lines to China worth an envisaged $1bn.

Talks on this issue were opened in Peking last October by Sig. Rinaldo Ossola, the Italian foreign trade minister.

While negotiations between Italy and China are underway for a number of major industrial ventures involving, among others, the Fiat car group and the Italian state controlled ENI hydrocarbons concern, Peking is also understood to have expressed interest in the Italian arms industry.

In particular, the Chinese are said to be interested in military equipment, including helicopters, light naval vessels, radar systems and cannons manufactured by a number of Italian state-controlled companies.

U.S. steel contract

U.S. Steel has signed an agreement to provide engineering and consulting services on the development of a $1bn project to mine iron ore in China, Stewart Fleming writes from New York. The mine, which will be one of the largest iron ore mines in the world, is *expected to be completed in* 1983 and will produce 17m metric tons of iron ore pellets and 5m tons of iron ore concentrates annually.

Japan signs $700m in deals with China

BY RICHARD HANSON IN TOKYO

JAPANESE COMPANIES today announced a new year's rush of plant and equipment orders contracted with China valued at over $700m, all to be paid for on a cash basis in U.S. dollars.

The largest set of Chinese orders went to Toyo Engineering (TEC) which had been negotiating since late in 1977. Toyo will provide four ethylene plants, each with an annual *capacity of 300,000 tons*. Two plants, to be built in Nanking, along with one in Shengli, Shantung Province, include the participation of Toko Bussan and C. Itoh. The fourth, in Peking, will be constructed along with Mitsui and Toko Bussan.

The value of the entire order, signed with the China Technical Import and Export Corporation, was placed at about $537m. Payment will be in cash over the next four years when construction is scheduled to be completed.

Technology for the ethylene plants will be provided by C. E. Lumus, of the U.S., while the *nitric acid plant* uses the French *Grand Paroisse* and the nitro phosphate plant the Norsk Hydro, of Norway, technologies.

Nippon Light Metal, Japan's largest aluminium smelter-roller, along with C. Itoh and Toko Bussan, said it signed in Peking on Sunday a contract to supply a large aluminium plant to the same Chinese corporation to be built at Kuelyang, in southern China by March 1981. The plants will have an *annual capacity of 80,000 tons* a year of aluminium ingots and be complete with electrolysing, casting and exhaust-gas disposal equipments. The deal is valued at $150m to be paid in cash.

Another consortium of three Japanese companies said they have signed a $32.4m contract with China for an acrylic acid and ester plant.

Nippon Shokubai Kagaku Kogyo, Mitsubishi Heavy Industries and Nissho-Iwai will cooperate in the construction of the 40,000 ton per annum capacity facility in the suburbs of Peking. Acrylic acid ester is a raw material for acrylic fibres, *paints and adhesives*.

Negotiations for $500m trade centre in Peking

BY OUR TOKYO CORRESPONDENT

A GROUP of six Japanese companies is negotiating with China on construction of *Peking's first large international* business centre. The cost of the Japanese proposal could reach $500m, which again raises the crucial question of how the Chinese would pay for it.

A Chinese delegation arrived in Tokyo over the weekend for a two week stay to hold talks on the project.

The Japanese have proposed a plan which would include a business hotel with 1,500 rooms towering nearly 40 stories, facilities for about 100-150 commercial offices to house foreign companies setting up in Peking and an apartment complex with both small and deluxe units.

The Japanese group includes Nippon Steel, which would provide the structural steel for the buildings, Mitsubishi and Mitsui from the trading companies, and three construction concerns—Taisei, Takenaka and Obbayashi-Gumi.

China wants a centre for foreign traders, as well as facilities for its own corporations to meet and conduct negotiations.

And the Chinese apparently want the project (which was first mentioned late last year by *Japanese officials and business*men) completed as soon as possible to facilitate their rapid build up of ties with foreign businesses.

According to Japanese businessmen and bankers involved, the problem will be financing, though the actual time required to construct a skyscraper may also be longer than the Chinese would like. The Chinese side has also yet to decide the scale of the complex it wants.

Bankers here estimate that China's foreign reserves of about $2.2bn and its levels of cash flow-based on changeable circumstances will generate sufficient funds to pay in cash over the next one or two years for the numerous priority projects already contracted or due to be signed in the next half year or so.

The need to arrange financing *on a commercial basis is seen*, however, as not too far away, particularly if huge complexes like the international trade centre are included.

Saudis reject West's warning on chemicals

By Jamie Buchan

DR. GHAZI ALGOSAIBI, the Saudi Industry and Electricity *Minister, has criticised* the Western petrochemical industry for what he termed "attempts to discourage Saudi Arabia from installing its own industry."

Saudi Arabia intends to enter the market *heavily by the* mid-1980s with five world-scale joint venture petrochemical plants and two methanol units at various stages of negotiation between the Saudi Basic Industries Corporation and Western and Japanese concerns.

In an interview published here, the Minister said that chemical companies and trade journals had been "prodigal with advice for us not to invest in *petrochemicals because of* world overcapacity. But at the same time those companies are continuing to expand plant or establish new industries," he said.

Plentiful supplies of fuel and feedstock gave the oil producing countries a natural role in this sector, Dr. Algosaibi said.

Even so, no final agreement has yet been announced on the first plant SABIC hopes to build, a joint venture with Shell at Jubail on the Gulf.

No boycott on Barclays

Barclays Bank International was removed from the central Arab boycott list about 18 months ago. An article in the Financial Times of January 3 wrongly suggested that Barclays is still blacklisted.

Malaysia seeks UK investment

By Wong Sulong in Kuala Lumpur

MALAYSIAN LEADERS have expressed mild concern to the British Trade Secretary, Mr. John Smith, about the run down of UK investments in plantations and mines.

Mr. Smith, who is on a promotion tour of Singapore, Malaysia and Thailand, met Datuk Hussein Onn, the Malaysian Prime Minister and senior Malaysian industry officials.

Malaysian Ministers feel Britain knowhow would be particularly appropriate in Malaysias' efforts to mechanise its plantations and to set up agro-based industries, considering the traditional British interest in the plantation sector.

There were also opportunities for British businessmen in winning major infrastructure projects; and in joint ventures in export-orientated industries.

NEWS ANALYSIS ● BY PATRICK COCKBURN

Arms suppliers face losses in Iran

THE REVIEW of all arms contracts in Iran announced by Dr. Shahpour Bakhtiar, the new Prime Minister, is bad but predictable news for the Western arms industry. Conscious of its political weakness, the freshly appointed administration needs to show that it can immediately satisfy some of the Opposition's demands. Cancellation of arms contracts is a quick way of showing its radicalism.

Criticism of the massive arms purchases by the Shah over the last five years long preceded the current crisis. In 1972 President Nixon promised the Shah all the arms he could pay for. Using the vastly increased oil revenues after the 1973-74 oil price rises, the Shah equipped his armed forces with everything modern technology could offer. In 1976 he spent $10.6bn on arms and there are *currently* $12bn worth of arms from the U.S. in the pipeline. [illegible] countries most successfully selling weapons are now going to suffer most. The biggest casualties are the U.S. and Britain. Aircraft on order from the U.S. include a $3.2bn order for 160 F-16s from General Dynamics in addition to F-14s and F-4es. An order for 31 additional F-4es from McDonnell Douglas to replace those which have crashed has already been cancelled.

Bell Helicopter, a subsidiary of Textron, received an initial order for 137 AH-1Js, a specialised gunship, in 1972 and Bell has done well out of Iran ever since. The following year Iran placed orders for 287 "Isfahan" helicopters. At the beginning of the current crisis Bell had more expatriate workers in Iran than any other foreign company.

Part of the American aircraft contracts have been fulfilled, but the loss of this major *market is going to be a severe* blow to the military aircraft industry. Even if the orders for high technology equipment are not cancelled it is doubtful if the Pentagon would want it all to remain in potentially unfriendly hands.

The Boeing 707 Airborne *Warning and Control System* (AWACS) worth $1.2bn is another almost certain casualty. Of naval orders, which were greatly increased in the last year, the order for four Spruance-class vessels each costing *$366m from the Ingalls* Shipbuilding Division of Litton Systems will also probably be dropped.

West Germany will also suffer from cuts in procurement for the navy. Six diesel electric sub*marines have been ordered* and major contracts, worth £3.5bn, for frigates, minesweepers and patrol boats were being discussed.

In Europe Britain is likely to be main loser. Orders for 2,200 Chieftain tanks have been partly fulfilled, but contracts for the version using Chobham armour must now be in doubt. International Military Services, the contracting arm of the Defence Ministry, has maintained a show of optimism about this and other contracts but the future is pessimistic.

British Aerospace's £400m contract to build tracked Rapier anti-aircraft missiles in Iran has been changed—they are now to be built in Britain. Plans to build a £740m ordnance complex at Isfahan, with the bulk of the orders coming to Britain, have been suspended.

Contracts for the Iranian ground forces may be less vulnerable than contracts for the air force or the navy if only because Dr. Bakhtiar needs to keep the loyalty of the generals.

But he is also aware that cuts in military contracts will win popularity. This stems from the widespread belief among Iranians that many, if not most of the arms contracts were agreed after substantial bribes had been paid by the companies to the Iranians in charge of purchases.

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Building society lending unlikely to increase

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

BUILDING society mortgage lending cannot be expected to increase in the next few months, says Mr. Ralph Stow, chairman of the Building Societies Association.

He adds that, because house prices now appear to be "returning to normal." it seems unlikely that societies will need to consider any arbitrary cuts in lending levels.

Mr. Stow says in the latest issue of the association's magazine, Building Society Affairs, that a marked improvement in the societies' ability to lend must await a decline in the general level of interest rates.

In that event, the societies' own share rates would become more attractive and the inflow of funds could be expected to rise.

Societies in the last months of 1978 were lending a monthly average of between £640m and £650m and, after consultations with the Government, the ceiling for the first quarter of this year has ben raised to £700m a month.

This level may be achieved if societies reduce the amount of peripheral lending—on items like home improvement—which they have been approving while limits on loans for house purchase have been maintained—but the poor recent inflow of new receipts means that any reasonable level of advances will continue to be supplemented by the societies' liquid funds.

Mr. Stow confirmed that 1978 was another record year for the societies, despite the reduced intake of funds and the lending limits agreed with the Government.

Final figures are not yet available but the total number of loans made last year was about 800,000, the third year in succession in which a record has been set.

The total amount lent to home buyers was approximately £8.7bn, 26 per cent higher than the previous £6.8bn figure achieved in 1977.

Of the 800,000 purchasers, about 47 per cent were buying a property for the first time. The total of 375,000 first-time buyers was a little below the record levels of just over 390,000 set in 1971 and 1972 but the Association says this trend can be expected as the number of new purchasers continues to decline as owner occupation rises.

Mr. Stow says that, despite the deteriorating financial situation throughout 1978 and the Grays Building Society affair, which represented a "blemish" on the movement's history, societies could regard the year as one of "progress and achievement."

He said that, in the last 10 years, societies had helped more than 3m families to buy their first homes.

British Caledonian may challenge Laker licence

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH Caledonian Airways said that it is prepared to consider asking the Civil Aviation Authority to revoke the Laker Airways' licence for Skytrain flights between Gatwick and Los Angeles, "should we deem at any time that we have sufficient grounds" for doing so.

Mr. Adam Thomson, chairman of British Caledonian, makes it clear in the latest issue of the airline's staff newspaper, that he and his colleagues in the airline believe the Government, through the authority, was wrong to licence Laker Airways on the Los Angeles route.

British Caledonian had asked the authority for rights to Los Angeles, offering its "six-level" fares system, with the cheapest fare of £69 single undercutting Laker's £83 single.

"After only three months of operation by Laker, it seems unlikely that there is enough potential traffic to Los Angeles to support our 'six-lane sky-train service.

"But there can be no doubt that there is enough potential to support our "six-lane skyway"." says Mr. Thomson.

Mr. Thomson adds that British Caledonian will fight any further moves by Laker Airways to change its Skytrain licence—a reference to Laker's proposals to the authority that it should be allowed to sell seats in advance in order to prevent the build-up of queues in London such as those experienced last summer.

Concorde set to fly with U.S. airline

By Michael Donne, Aerospace Correspondent

CONCORDE is expected to receive its U.S. Certificate of Airworthiness today from the Federal Aviation Administration. That will clear the way for subsonic flights by the aircraft between Washington and Dallas-Fort Worth in Texas, starting on Friday.

The aircraft has been flying regularly since 1977 to connect London and Paris with New York and Washington, with Anglo-French Certificates of Airworthiness. Under U.S. law, however, the aircraft must have a U.S. certificate for onward flights to other U.S. cities.

From Friday, under an inter-change agreement, Braniff International, a large U.S. airline, will take over British Airways or Air France Concordes at Washington on six days a week and fly them subsonically to Dallas and back.

The result will be a faster link between Dallas and Europe.

Supersonic transatlantic flights halve the subsonic time. Concorde, flying subsonically, is faster than a Boeing 747 and will cut the flight time between Washington and Dallas.

Lease

The new link has greater long-term significance. It is hoped that once Concorde is flying regularly into the heart of the U.S., other airlines may be tempted to reach similar agreements with British Airways and Air France and thus help to spread the aircraft's route network.

Braniff itself may eventually decide to lease a Concorde on a longer-term basis and fly it supersonically between Dallas and cities on its network in South America, including Lima and Santiago, via Panama City.

To legalise the new interchange agreement, British Airways and Air France have set up a joint company in Washington to re-register the Concorde every time it arrives in Washington from Europe, giving it a U.S. registration number for the flight to Dallas.

Back in Washington, the U.S. registration number will be removed and the aircraft will revert to its British or French registration for its return to Europe.

NEWS ANALYSIS: TAXING SHORT-TERM SOCIAL SECURITY BENEFITS

Computers expected to herald reform

BY DAVID FREUD

MRS. THATCHER is not the first politician, nor is she likely to be the last, to argue for taxing short-term social security benefits.

Successive governments since the Second World War have examined the idea and abandoned it because of the practical difficulties.

Economists have achieved a rare degree of unanimity in condemning the present system, under which earned income is taxed and short-term benefits covering unemployment, sickness, maternity and industrial injury, are not.

Different treatment of the two forms of income has encouraged the development of the so-called "poverty trap," in which some people, when working, find themselves worse off after tax than they would have been if unemployed and receiving untaxed benefit.

On television at the weekend, Mrs. Thatcher said we had got into "the silly position under which your earnings are taxable, but your substitution earnings are not."

She dismissed claims that taxation of benefits would be impossible to administer in a computer-orientated system. "I just plain don't believe it."

A computerised tax system is still a long way off. The Inland Revenue is pushing forward on a programme to computerise its Pay As You Earn system as fast as possible, and a nationwide system will not be ready until 1986 at the earliest.

Without computers, Mrs. Thatcher's optimism over taxing benefits runs sharply counter to earlier experience. When the benefits' schemes were first devised after the war there was every intention to levy taxes on pay-outs.

But the Inland Revenue could not cope and the attempt was abandoned in 1949. This was because PAYE operates by giving each employee a code and relying on employers to withhold on a cumulative basis the tax due and pass it on to the tax authorities.

Occasional short-term benefits caused a big problem because they meant that employees' codes had to be adjusted by hand by Revenue and there were not enough staff to perform the task.

The reasons for abandoning the attempt to tax benefits were spelled out by Sir Stafford Cripps in his 1949 Budget speech.

He said: "It was regarded as a necessary counterpart of the allowance of relief in respect of contribution that all benefits of an income nature should be charged taxation.

"Some of these benefits, namely unemployment, sickness and maternity benefits, are occasional, and taxes on them are a great trouble both to the Inland Revenue and recipients and cannot be allowed for in PAYE.

"I propose, therefore, in future, that unemployment, sickness and maternity should be exempted from tax, but relief should not be allowed in respect of that part of the contribution relating to these occasional benefits."

The latest offical estimate of the number of extra Revenue staff required to tax short-term benefits was made in June, 1977, by Mr. Robert Sheldon, Financial Secretary to the Treasury. He told the Commons that about 10,000 extra staff would be needed to tax unemployment and sickness benefit pay-outs alone.

At an average £5,000 per person a year at least, the cost of such an operation would be a minimum £50m annually.

The return to the Exchequer would far exceed the staff costs, however. Last November, Mr. Sheldon said in a written parliamentary answer that taxing unemployment benefit in the 1978-79 financial year would bring in an estimated £170m, sickness benefit would bring in £190m, industrial injury £15m and maternity allowance £20m.

Against this should be set the cost of stopping the tax on contributions towards these short-term benefits, which Sir Stafford introduced when the system of taxing the pay-outs broke down.

Delays

Because of the tax on contributions undoubtedly brings in much more than the estimated return from taxing pay-outs, however, the suspicion must be that politicians will be tempted to abandon equity and tax both. Especially as they can use the argument that personal allowances were raised in 1965 to compensate for loss of tax relief on the remainder of the national insurance contributions.

Regardless of strict equity and the balance of advantage to the Exchequer, many economists believe that a change-over in the case of unemployment benefit would have a marked beneficial effect on the economy, through increasing the incentive to work lower down the pay scale.

This effect should probably not be over-emphasised. The most recent study on the subject, by the Clare group of economists in September, concluded that the main adverse effect of the present system was to delay people finding new jobs. There did not seem a marked tendency for people to give up looking for work altogether.

Nevertheless, the Clare economists argued that taxing pay-out would be preferable to the present system and that the extra revenue should be used to raise the level of benefit.

It would probably be safer to take a cynical view on whether economic sense is about to prevail over administrative practicalities.

But, in the longer term, the outlook is different. The Inland Revenue's programme of computerisation is aimed at producing the most flexible system possible. Taxing short-term benefits would be well within its capabilities.

The political and economic pressures building up look like making taxation of short-term benefits the first tax reform after the computers arrive in 1986.

Car insurance premiums expected to rise by 12%

BY ERIC SHORT

MOTOR insurance premiums are likely to rise on average by about 12 to 13 per cent this year, according to stockbrokers Rowe and Pitman, Hurst-Brown.

In the firm's annual review of UK motor insurance, Rowe and Pitman expects that claims costs will rise by 14 per cent over the year, but this should be offset by a 2 per cent fall in the number of claims.

The firm expects that there will be higher petrol prices and tighter consumer spending this year, resulting in less use being made of cars and, hence, a lower number of accidents.

The survey analysed the experience of UK insurance companies last year on their motor insurance business. Premiums were lifted by an average amount of 14 per cent, while the cost of motor claims rose by only 12 per cent. The number of claims climbed by 2 per cent over the year, returning to pre-1974 levels.

This climb arose from the increasing cheapness of petrol in real terms and a lesening of the effect of seat belt legislation and speed limits.

Rowe and Pitman anticipated that insurance companies last year experienced a loss on motor insurance business of about the 1977 level of £20.5m.

The loss as a percentage of premium income is expected to drop to 1.9 per cent from 2.3 per cent in 1977. But premium income last year was likely to have topped the £1bn mark against £877m in 1977.

Accountants complain of insurance changes

BY ERIC SHORT

THE Government's proposed changes to the financial returns of insurance companies would make it impossible for them to show a true and fair view in the conventional accountancy sense.

The Consultative Committee of Accountancy Bodies makes this point in its latest memorandum* to the Department of Trade.

The Department under the powers conferred by the Insurance Companies Act, 1974, intends that, in future, the returns of insurance companies will comprise a series of standard forms and statements, rather than conventional accounts.

These returns will exclude certain important financial information normally disclosed in the notes to conventional accounts, which would be required if the returns were to show a true and fair view.

The accountancy bodies expressed their concern that, in spite of the major changes envisaged, it is proposed that the regulations would continue to contain a requirement that the returns should continue to give a true and fair view of the affairs of the company.

In particular, they are concerned that the returns are subject to the inclusion of assets and liabilities at amounts determined in accordance with any applicable valuation regulations.

Thus the accountancy bodies claim that the expression "true and fair" is being re-defined in the regulations in such a way as to totally distort its conventional meaning.

* *Insurance Companies: Revision of Accounts and Statements Regulations. Available from the Publications Department, P.O. Box 433, Chartered Accountants' Hall, Moorgate Place, London EC2P 2BJ; quote ref. TR319.*

Chipboard trade sets up new association

THE BELEAGURED British chipboard industry is extending its trade association membership to the chemical industry and is appointing its first full-time director general.

The new director-general of the British Particleboards Association is Mr. David Duke-Evans, formerly director of the Federation of Bakers. The association, now with 12 members, replaces the British Wood Chipboard Manufacturers Association, and will be based in London.

Last year, companies warned the Government that the industry could shut down unless low-price dumping from the Continent was curbed.

It will be Mr. Duke-Evans's task to liaise between companies, government and overseas organisations and manufacturers, and to try to change the attitude of legislators and cut-price importers.

Ford today produces its millionth Fiesta

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

THE MILLIONTH Ford Fiesta will roll off the production line today only 28 months after the model was introduced.

Ford said yesterday: "This is the most rapidly produced first million of any European Ford model ever."

It was in 1978 that the success of the Fiesta made its full impact on Ford's performance and but for the UK strike the group would have emerged as Europe's leading car maker in unit terms.

The Fiesta is assembled at three plants, Dagenham in the UK, Valencia in Spain and Saarlouis in West Germany, where tomorrow's millionth car will be produced.

To commemorate the event, Ford is offering a limited edition of the Fiesta in distinctive black or "Strato" silver paintwork. For the UK there will be 2,000 black and 1,000 silver variants based on the normal 1100L model. They will go on sale in March.

Ford is also to introduce the new American-built Mustang to the UK next month at a price somewhere in the £8,000 region. In line with the rapid de-weighting going on in the U.S., the Mustang is 200 lb lighter than its predecessor although it is 4 ins longer and has more boot space and rear leg room.

● Subaru, smallest of the Japanese car exporters, said at the weekend that it was benefitting from the bad weather with an influx of orders for its four-wheel-drive vehicles.

'Fair trade' assurances over car warranties

By Our Consumer Affairs Correspondent

TWO FORMER directors of Revolution Oil International, which offered "extended warranties" for cars, have given written assurances on their future conduct to Mr. Gordon Borrie, Director General of Fair Trading.

The company is in liquidation but the written assurances under the Fair Trading Act are binding on the individuals concerned in any business with which they may be involved in future.

Revolution Oil offered extended warranties to buyers of second-hand cars that the company would cover the cost of replacement of any engine, gearbox or certain other parts that broke down within a specified period provided that oil additives sold by Revolution Oil were used in the cars at set times.

However, consumers complained to the Office of Fair Trading that in some cases the company had not complied with the terms of its warranties.

The directors are Mr. Alan Green, of Northwich, Cheshire, and Mr. D. A. Betts, of Ashingdon, Essex.

Breaking an assurance under part three of the Fair Trading Act, 1973, might lead to court action by the director general.

Interest rates will fall, say stockbrokers

BY DAVID FREUD

INTEREST RATES will probably start to ease in February or March according to City stockbrokers Fielding Newson-Smith and Company. The firm forecasts that the Minimum Lending Rate will end the year at nine per cent, compared with the present level of 12.5 per cent.

While MLR has fallen every January over the last six years, it seems remote, this month, due to the continued upward trend of U.S. rates and anxiety over the outlook for pay.

But the firm says the other two primary influences on interest rates—the trend of bank lending and the growth path of the money stock—already argue for a somewhat lower level of rates.

The decline in rates — the timing of which the firm says is difficult to pinpoint — will not be major because the slow down of busines activity is not a slide back into recession.

Two other brokers—J. and A. Scrimgeour and Sebag — both argue against the likelihood of an early decline in interest rates.

Sebag says the virtual policy will probably result in a greater reliance on high interest rates to keep sterling stable and thus minimise the effect of excessive wage settlements on future inflation.

However, upward pressure on rates is unlikely to result in more than a modest further rise in the next month or so.

"There is still room to hope that domestic circumstances will allow a decline by mid-year, but the exact timing will be dictated by external events in combination with the success or failure of the Government's policies on incomes, prices and the balance of payments."

Scrimgeour points to a further factor tending to keep interest rates relatively high. It argues that there has been a very strong correlation between interest rates and the ratio of the public sector borrowing requirement to gross domestic product in recent years.

"This suggests that, in present UK conditions, public sector borrowing is the prime determinant of the level of interest rates." Since the firm expects a considerable Government funding requirement in the next financial year, it says

DRIVER'S ACTION CLOSES SCHOOLS, PUTS JOBS AT RISK

Strike disruption spreads

Reports on the effects of the lorry drivers' strike by Financial Times reporters.

ULSTER continues to be severely disrupted by strikes involving both tanker and lorry drivers. Esso tanker drivers said they would remain on unofficial strike until they meet tomorrow to vote on the company's offer.

The province's 5,000 lorry drivers said they were determined to stay out until the employers met their claim for a £65-a-week basic wage.

An emergency committee of top civil servants, reporting to Mr. Tom Pendry, Parliamentary Under-Secretary at the Northern Ireland Office, met in Belfast yesterday as more companies, hit by the severe fuel shortage, laid off workers.

About 3,000 employees of James Mackie and Sons, the big textile engineering group in Belfast, were sent home and 200 were laid off at a brickworks in Co. Tyrone. Short Bros., the Belfast aircraft manufacturers, said it was reviewing the situation daily as oil stocks dwindled. Its 6,000 workers were warned that the outlook was bleak without fresh supplies.

Many other companies reported that their oil could last from four days to a fortnight but said the growing effect of the strike by haulage drivers was hampering production. Work stopped on two ships at the Harland and Wolff shipyard in Belfast because supplies failed to arrive.

With almost all petrol stations closed, many people went to work on public transport. The railways may continue operating for some time but the action by tanker drivers could stop bus services by tomorrow.

Several hundred workers in the building industry have been laid off. More than 300 schools were closed and postal deliveries in country areas were curtailed.

NORTH-WEST: Notices of possible lay-offs have been given by several major employers as a result of difficulty in obtaining supplies of raw materials and of oil.

United Biscuits yesterday gave notice of suspension of the guaranteed week to 900 workers in Manchester, with effect from January 22.

Several textile companies which have not received supplies of yarn and essential chemicals have also warned of possible lay-offs.

The threat to the textile industry comes while Lancashire producers are having one of their busiest periods for some time. Courtaulds has warned that it may halt production in some plants.

Severe shortages of fuel has meant a big increase in the number of passengers on public transport.

British Rail reports a three-fold rise on some routes and Greater Manchester buses, which were off the road at the weekend, were also full this morning. Bus services are running only at peak times.

Most garages in Manchester have now closed, and on Merseyside, where a few are still open, petrol is being sold by some stations only to doctors, nurses and midwives. Some garages have doubled petrol prices to as much as £2 per gallon.

MIDLANDS industry so far has escaped the worst impact of the strikes by road haulage and petrol tanker drivers.

"Most companies are managing to work pretty much as normal, though there are obviously fears about the consequences of a prolonged stoppage," said Mr. Steve Rankin, director of the West Midlands Region of the Confederation of British Industry.

The main concern of manufacturing industry is the possible shortage of heating oil. At the moment, companies are carrying between 6 to 14 days' stocks.

The West Midlands region of the Road Haulage Association has already concluded a deal with union officials which should ensure most of the 10,000 drivers remain at work.

SCOTLAND — The effect of the lorry drivers' strike on Scottish industry could worsen towards the end of this week as picketing intensifies.

The union has said it will increase its activities if, as it expects, a ballot of its 5,000 members in haulage firms confirms the rejection of the employers' offer.

So far the strike has had only a limited impact on industry, although it has caused shortages of bread, particularly in the West of Scotland. A few companies have had to close, including the National Engineering Laboratory at East Kilbride and a Boots distribution centre at Airdrie.

Many companies have built up stocks since the strike was first mooted and industry generally is at a low point in its production cycle.

Mr. Allan Stewart, Scottish director of the Confederation of British Industry, said that the experience of the last haulage strike in 1974 suggested that the dispute would begin to bite after two weeks. So far, the effect was patchy and confused by a shortage of petrol and fuel oil.

The Texaco tanker drivers' strike has also hit Scotland relatively mildly since only 7 per cent of filling stations north of the border are owned by the company.

The Scottish Motor Traders Association said, however, that there were some shortages of petrol in Glasgow and the west of the country as a result of panic buying.

Some schools, mainly in the Strathclyde region, have had to close because they cannot be heated.

ICI HIT HARD: Britain's biggest industrial company, ICI, has been badly hit. Half of its home and export sales worth millions of pounds have dried up.

Widespread picketing at ports has meant that exports are being stocked up. "This is particularly serious for us as we will be unable to recover these losses," the company said.

There has been a shortage of raw materials in all ICI divisions and dispatch is often futile as customers are unable to accept the goods because of pickets outside their offices.

Shortages damage food industry

IMPORTANT SECTORS of the British food manufacturing industry are closing for want of vital deliveries of edible oils and fats. Picket lines at bulk storage depots and refineries, most of which are concentrated in the north west, have drastically reduced supplies.

Many cake, biscuit and confectionery factories have closed and companies warned yesterday that if oil deliveries were not restored promptly, the whole industry would shut by the weekend and its 50,000-plus workers would be laid off.

Van den Berghs, which produces more than half of UK margarine supplies at two factories in the Wirral, Cheshire, and at Purfleet, Essex, said pickets at both plants were stopping lorries getting in and out.

Some oils were being pumped in by pipeline and production was continuing, and could go on "for a few days more," but the factories were running out of storage space.

The company, which makes Stork, Blue Band and Flora brands, employs 1,500 workers at each factory.

United Biscuits shut its Ashby de la Zouche factory on Friday, laying off 1,500 people. Its Halifax plant, employing 1,200, was expected to close last night, and the 3,400 employed at its two London works are expected to be sent home by the weekend.

The Cake and Biscuit Alliance said the situation was "patchy" yesterday, but members insisted that if the picket lines were not moved this week the whole industry would be forced to stop production.

A spokesman for a leading London edible oils trader said all the known bulk food oil carriers had been hit by the hauliers' dispute. Movement of supplies was at a complete standstill, he claimed.

Virtually the whole of the food manufacturing industry uses edible oils to some extent. The Food Manufacturers' Federation said that in the north of the country only about 5 per cent of normal oil and fat supplies were getting through.

Sir Henry Plumb, President of the National Farmers' Union, warned yesterday that the drivers' strike was endangering farm livestock, particularly pigs and poultry. He expected farmers to start running out of feedstuffs by today or tomorrow.

If the army were called in to distribute essential commodities, farmers should come high on the Government's list of priority beneficiaries, he said.

Continental Grain and Unimills, the two biggest producers of soyabean meal in Britain—soya is a key ingredient in animal feed—said meal for feed was leaving their factories because many customers were picking it up themselves.

Almost every port hit as strike tightens

SEABORNE TRADE with the rest of the world was largely halted yesterday as picketing by striking lorry-drivers barred incoming and outgoing cargoes at almost every port in the country.

Ships waiting for exports at Hull prepared to sail as some of the most effective picketing stopped drivers reaching the docks. Dock workers there and at other ports continued to unload imports, but only for quayside or warehouse storage.

Foreign-registered lorries were turned away from the port, and North Sea Ferries Rotterdam service sailed at the weekend with only six lorries compared with a normal full load of 120.

Hull handles 5m tonnes of seaborne trade each year. Timber, tinned and fresh foods, petroleum, tea and vehicles form the bulk of imports and exports.

Fishing at Hull was at a standstill. No trawlers landed. Local fish merchants could not get to their stocks of frozen fish. Lorries with a total of only 150 boxes of fish from the ports got through the pickets.

At Grimsby the port was working normally, the British Transport Docks Board said last night, though fishing trade was restricted. A Swedish cargo vessel cancelled a planned visit at the weekend.

Fishing at Fleetwood was normal. There was no picketing on commercial docks.

The perishable cargo of tomatoes and cucumbers lying on the dockside at Liverpool since last week was moved.

Striking lorry-drivers agreed to move the cargo of 400,000 boxes after Mersey Docks and Harbour Company and Liverpool Fruit Importers' Association agreed to give £1,000 each to a local charity.

The drivers gave their pay to the charity, but refused to move all future perishable cargoes.

A second ship, from the Canaries, was approaching Liverpool last night, but the cargo may be diverted to the Continent if it does not find a market in Britain.

In South Wales, Newport Gwent, which handles cars, steel, forest products and general cargoes, was working almost normally, British Transport Docks Board said. Vehicles that succeeded in passing the pickets were offloaded and cargoes stored or exported.

There was totally effective picketing at Swansea, though a high proportion of the port's steel, iron and coal is handled by rail and not affected by the drivers' strike.

The trade in chemicals, oil and bananas at Barry, Glamorgan, was hit by intensive picketing.

At Southampton, where the strike is official, no British lorries entered or left the port all day.

Foreign lorries heading for the Continent were allowed through. At the port's container terminal dock workers unloaded ships, but the cargoes stayed on the dockside.

Picket line solidarity grows

By Robin Reeves

"IT'S about time we drivers stuck together. We may all work for different companies, but I've always said when we're out on the roads we are one."

The place is the main entrance to Avonmouth Docks. The speaker is the leader of one of dozens of transport drivers' picket lines at the works entrances all over the Avonmouth port and industrial complex.

Two lorries turn at the traffic lights, 50 yards away, and come towards the picket line.

"Excuse me a moment," he says and goes to wave down the oncoming vehicles. "Friend, this is an official picket and we are asking you not to cross it."

"That's OK with me," says the young driver, "but you had better talk to my mate behind as well."

The second driver requires a little more persuasion. "Look, it's up to you, friend. We are just asking you not to cross the picket. If you do, I shall have to add the name of your company and your registration number to the list and the union's bound to be able to trace you," he warns.

He holds an official-looking clipboard with several company names and registration numbers written down.

"But what happens if I'm sacked by the gaffer?" asks the driver.

"Just get in touch with the union. They'll sort it out. If you're a union member, you are simply not entitled to cross a picket line."

"Remember, this dock is a hundred per cent closed shop. If you don't believe me, I suggest you turn your wagon round and go phone the gaffer."

The two lorries drive off. They do not return.

So far, it is all very friendly. Picketing began on Monday morning, and the men estimate that about 300 lorries have approached the gate. Only 27 names and numbers appear on the black list.

Most of the time there isn't much persuading to do. Most drivers are under instructions from their "gaffers" not to cross any picket lines.

A special feature of the Avonmouth pickets is a man from the National Farmers Union. He is hoping to ease the passage of vital supplies of animal feeding stuffs from Avonmouth's large feed mills. The pickets insist they can make no exceptions without an official instruction from union headquarters.

The pickets realise that, if the dispute continues, incoming ships will switch to the Continent to offload cargoes and then trans-ship to Britain.

"But that's all right. We will be able to black them in the East Coast ports," says one picket.

The strikers are in no doubt as to the justice of their action. "All we have been offered is £69 a week. It is absolutely ridiculous," says one man.

"As far as I'm concerned, a driver should be able to earn £100 a week before stoppages. It's only reasonable." Everyone nods agreement.

Tories wary of Thatcher's union plans

BY ELINOR GOODMAN, LOBBY STAFF

MRS. THATCHER'S latest proposals for controlling the trade unions got a decidedly cautious reception yesterday from the group representing trade unionists in her own party.

Mr. Fred Hardman, national chairman of the Conservative Trade Unionists, welcomed what he judiciously described as Mrs. Thatcher's plans for helping the trade unions. He made no mention, however, of her suggestion that social security benefits should be withheld from workers who went on strike without first holding a secret ballot.

Mr. James Prior, the Shadow Cabinet member responsible for dealing with the unions, was also at pains yesterday to kill any impression that the Tories were committed to withholding social security benefits from strikers.

"I am very much in favour of getting greater participation and greater consultation with trade unions and trade union leaders before we come to any firm decision in these matters," he said.

Mr. Hardman's interpretation of Mrs. Thatcher's interview on Sunday on London Weekend Television was very different to that conveyed in the popular Press. While the media generally put the emphasis on her plans for curbing trade union power, he stressed her ideas for positively helping the union movement.

Trade unionists, he said, could look forward with confidence to a better working life under a Tory government and to the strengthening of their arm in controlling those union leaders whose actions were irresponsible and unrepresentative.

He also welcomed his leader's promise to discuss with union leaders how best to encourage secret ballots.

His group also preferred the full version of Mrs. Thatcher's remarks about taxing short-term social security benefits to the expurgated version reported in most of yesterday's papers. Like his leader he said that all short-term benefits should be taxed and not just those received by strikers.

Interviewed on television last night, Mr. Prior echoed some of Mrs. Thatcher's ideas but was careful to point out that some of the more controversial proposals were not formal policy yet.

ICI lifts nylon and polyester fibre prices

BY RHYS DAVID

ICI FIBRES is to increase the prices of all its nylon and polyester fibres in the UK as a result of the steep rise in the cost of naphtha, the raw material, in recent months.

The rise, for which permission has already been granted by the Price Commission, amount to about 15p a kilo on nylon and 10p a kilo on polyester—an overall increase of about 6 per cent. However, the rise could differ substantially on the various types of both yarn.

Fibre companies throughout Europe are continuing to lose money on their operations, largely as the result of weak market demand and the much greater proportion of the market for textile and clothing now being taken by imports.

ICI Fibres is likely to show a loss for 1978 roughly the same as that of the previous year—about £16m, although it ended the year trading profitably as a result of somewhat improved UK conditions.

With recovery in the market still uncertain however, all fibre producers have been faced in recent months with substantial extra costs for the intermediates used in fibre production and derived from naphtha, such as terephthalic acid.

Naphtha itself has risen by about $35 a ton to its present figure of $170 a ton following the OPEC oil price rise and renewed uncertainty over oil supply as a result of the troubles in the Middle East, particularly Iran.

Moves being made in the U.S. to reduce the amount of led in petrol are also creating competition for the chemical intermediates' share of the barrel.

Enterprise Board backs gas plant plan

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

THE National Enterprise Board has joined up with the Industrial and Commercial Finance Corporation to provide funds totalling more than £1m to set up a petroleum gas component plant in Cleveland.

This is the second venture launched jointly by the two agencies, and marks a significant step in the NEB's ambition to develop links with private sector capital.

The company involved is called Technical Resources (Equipment). It is a subsidiary of the Swiss-owned Technical Resources Anstalt which specialises in the supply of liquified petroleum gas vessels.

It has used bridging finance provided by banks to establish itself in premises leased in Hartlepool from the State-owned English Industrial Estates Corporation, and will shortly start production of pressure vessels and cylinders. It aims to employ 100 people, and its project will qualify for regional aid from the Government probably exceeding £250,000.

The Swiss company first approached the Department of Industry for help in establishing itself in the UK early last year. The Department introduced it to both the NEB and the ICFC. The financial arrangement eventually concluded involves the agencies each holding 24.5 per cent (£37,000) of the subsidiary's ordinary share capital.

The NEB's financial package totals £336,750 and includes £200,000 of preference shares plus a £100,000 five-year term loan as well as the ordinary shares. The ICFC has provided £700,000 of machinery leasing finance in addition to its ordinary shares.

North Sea construction dispute spreads

FINANCIAL TIMES REPORTER

THE NORTH SEA offshore construction workers' dispute spread yesterday to involve more than 700 men on at least four platforms in two fields. More might join the stoppage.

Yesterday 200 men were flown from the Chevron Ninian Central platform. Another 200 are to follow today. Last weekend, Shell airlifted 350 men off the Brent complex.

The unofficial strike might spread to Occidental's Piper and Mobil's Beryl fields.

It stems from apparent frustration on the part of the workforce at the failure at national level to conclude a new agreement with more time off.

Draft conditions for a new agreement on hook-up work between the Oil Chemical Plant Construction Association and the four unions involved were rejected by shop stewards in December.

The men demanded a two-week-on, two-week-off system but were offered three-on, two-off.

Talks were to reconvene in London between the contractors and national officers on Thursday and Friday, but rumours last week that the talks had been cancelled are thought to have led to the original stoppages on the Brent platforms.

Mr. Tommy Lafferty, Amalgamated Union of Engineering Workers constructional section area official said in Aberdeen: "The men were offered new conditions for 1979 which were rejected and now have decided that strike action is the only way to make progress.

"There is no doubt that national talks will take place but I don't know whether or not they will be delayed by the strike action."

Mr. Lafferty expected the men's demands over the new deal and the future of national talks to be clarified today.

So far, three platforms on Shell's Brent field, A, B and C, and the Chevron Ninian Central platform, are affected by the stoppage. Chevron's Southern platform is unaffected.

Another 70 construction workers on Occidental's Piper platform are expected to meet today, and last night the situation on Mobil's Beryl field was unclear.

The Brent Sea and Ninian Central are undergoing hook-up work before production this year and a long stoppage might affect their timetable. The management, however, did not expect production to be affected on Brent A or B or Ninian Southern.

Rolls workers vote to continue strike

BY PAULINE CLARK, LABOUR STAFF

MOST OF Rolls-Royce remained disrupted by industrial action yesterday as a mass meeting of 1,500 workers at the Barnoldswick plant, near Colne, Lancashire, voted to continue their nearly eight-week-old pay strike.

About 30,000 workers in the state-owned company's UK plants are operating an overtime ban in support of the strikers.

The Barnoldswick workers accepted their shop stewards recommendation to throw out the latest company offer aimed at increasing productivity earnings to compensate for Government imposed restrictions on pay rises in their annual wage settlement, which fell due last November.

Difficulties with the 5 per cent pay policy have been particularly pronounced in companies like Rolls-Royce, where the Government has insisted that earnings increases achieved under last year's engineering national agreement must be offset against wage guidelines.

During the past four weeks the company has raised its productivity offer from 13.2 per cent to 14.5 per cent through reinstatement of a bonus scheme last operated in July.

In the original scheme the workers received a 10 per cent bonus for 10 per cent productivity, but the new offer is on condition that 15 per cent productivity can be maintained for four weeks after a return to work.

The issue has become a source of concern for workers in all the company's 10 individual bargaining units in the UK, however, because of the overall effects of the national engineering agreement.

The need to offset increased shift and overtime payments under the agreement has left the company with only 1.8 per cent to offer on basic rates if it is to keep within Government pay policy—a problem which has affected all companies in the Engineering Employers Federation under the Phase Four pay policy.

Intensive efforts are likely to continue over the next few days to find a solution but meanwhile the effects of the industrial action are mounting.

Barnoldswick makes parts for a range of aero-engines in production as well as for development engines used in the proposed Boeing 757 and for certain versions of the Lockheed TriStar.

Sir Kenneth Keith, chairman, warned only two weeks ago that the industrial action would damage the company by throwing into disarray already tight work schedules.

New move in strike by journalists

By Alan Pike, Labour Correspondent

NATIONAL Union of Journalists leaders yesterday held their first formal meeting with employers since the start of the provincial journalists' strike on December 4.

The development, which may help to hasten the end of the dispute, came after the employers had dropped a precondition that the strike must be called off before they would negotiate.

The Newspaper Society, which represents the provincial employers, sought an undertaking that picketing of newspaper offices would end. The union moved some way towards this by ordering its members to call off mass picketing and "mount only token pickets for the duration of negotiations."

It appeared at the start of last night's meeting that the society would again seek the removal of all pickets before it began discussing the pay claim which has led to the strike. The Transport and General Workers' Union has instructed delivery drivers not to cross journalists' picket lines and in some areas newspaper van drivers have also refused to do so.

Yesterday's meeting between the NUJ and the society followed three days' informal contacts between the two sides. Last week the employers made a new offer worth just over 13 per cent to the Institute of Journalists, which is not involved in the strike. This was rejected, but the institute hopes to improve on the offer at a meeting today.

Although the offer has not yet been made to the NUJ, it will form the basis of the new negotiations between the two sides. "We have made our gesture on picketing in the light of assurances from the society that progress beyond 13.05 per cent is possible," said Mr. Ken Ashton, general secretary.

The NUJ says that the current offer to the institute would give basic rate increases of £8 a week compared with the £20 which the union is seeking.

Tyneside workers fight closures

SHOP STEWARDS representing workers at all three of Vickers' Tyneside plants yesterday set up a campaign committee to fight the planned closure of the company's Scotswood works.

This follows an announcement last week by Vickers that they intend to close the Scotswood heavy engineering plant in Newcastle, making 750 men redundant.

A statement from Mr. Peter Tolchard, the works convenor, said that the shop stewards from the three plants (the other two are the Elswick works and Michell Bearings) had agreed to fight the closure and the first meeting of the campaign committee would take place today.

The company plans to start redundancies in March, with total shutdown by September.

Industrial democracy call by TGWU secretary

BY PHILIP BASSETT, LABOUR STAFF

TRADE UNIONS will be seeking a radical change in the direction of British industry in the 1980s by pressing strongly for the implementation of proposals for industrial democracy, Mr. Moss Evans, general secretary of the Transport and General Workers Union said yesterday.

Mr. Evans drew up a broad outline for the direction of the trade union movement in the next decade. Speaking to the Chartered Institute of Transport, he paid particular attention to the road haulage industry, which is at present being severely affected by a lorry drivers' unofficial strike.

He said trade unions would become increasingly involved in representing other aspects of their members' working lives than the narrow economic role of improving wages.

The TGWU, for example, covered many diverse interests through its 2m members, and so could have a wider and more knowledgeable view of industrial developments than many employers.

Mr. Evans said that the trade union movement would be demanding and, he hoped, achieving the implementation of the proposals for industrial democracy which had become a major political issue in the 1970s. The next decade would offer unions a better chance than any other to bring in the desired changes.

Combined committees of shop stewards, such as the ones at Ford Motor and Lucas Aerospace, would spread to many other companies.

He placed the trade union demand for a shorter working week as the key to preventing massive unemployment in the next decade. The 35-hour week was also the solution to the problem of automation, which had increased in the 1970s, particularly in the motor industry, making workers its victims rather than beneficiaries.

Mr. Evans delivered a strong attack on the "inflexible institution" of the EEC, which he said was trying to impose its views on the British people. Laws which were not designed for British conditions and whose only merit was the harmonisation of EEC legal systems, were the threat of the 1980s.

EEC regulations, especially the 450 kilometre provision and the eight-hour daily driving limit, were having a particular effect on the road haulage industry which would worsen in the 1980s unless changes were fought for.

Mr. Evans held out industrial democracy as a possible way of averting strikes such as the current action.

Joint settling of local problems in the industry was much more likely than a remote road haulage wages council procedure to be the right conclusion and prevent an avoidable strike.

"A decision that workers have fully participated in making is not one which they are likely to strike about."

He said the abolition of the road haulage wages council should allow industrial relations to be modernised. Local agreements based on a "sensible geographical area" were the key to future developments in the industry.

Mr. Evans called for a ban on new haulage operators receiving operating licences in order to cut down on the industry's over-capacity. In 1977, 88 per cent of all haulage operators had five or less vehicles which was an "absurd" duplication of office, yard and maintenance facilities.

He also attacked food and accommodation provision for lorry drivers at motorway service areas and called for separate court hearings for lorry drivers and an increase in road building.

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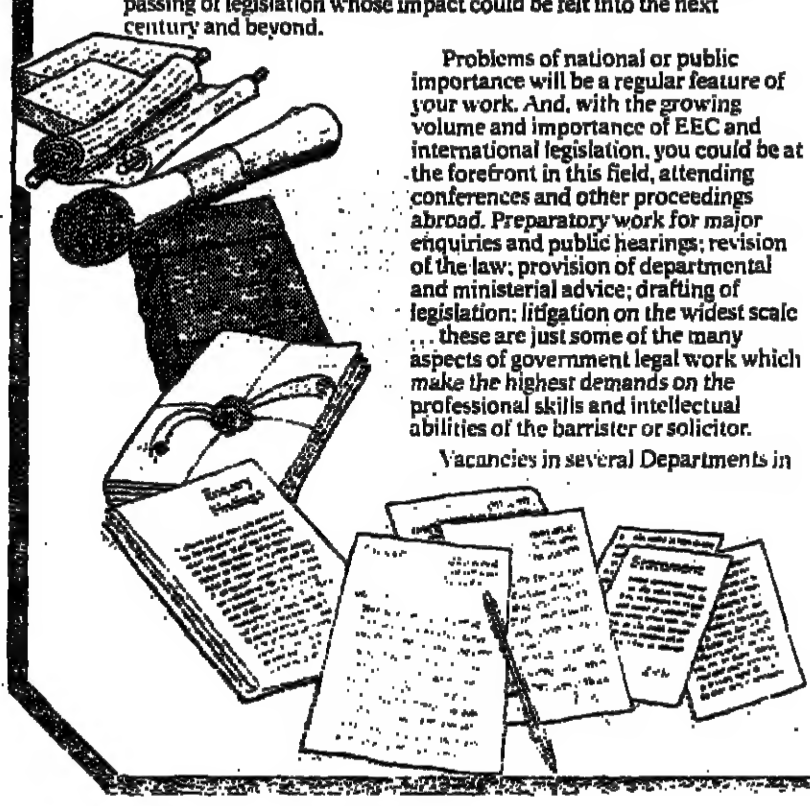

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DIRECTOR

to maintain and expand its services to members.

The work of Director was hitherto carried out by the Association's Legal Adviser and part-time Secretary. However, the growth and development of E.E.C. and U.K. Government intervention in commerce, together with increased legislation impinging on trading activities, now demands the appointment of a full-time Director.

Duties

1. To represent the catalogue Mail Order trade to the U.K. and E.E.C. Governments and their agencies, to the news media, and to all other organisations or individuals whose activities now affect or may affect the interests of the Mail Order trade.
2. To that end to create and/or maintain satisfactory and continuing relationships with such organisations and individuals.
3. To keep constantly in close touch with members.
4. To secure and subsequently administer the Association's offices.
5. To recruit, train and supervise the Association's staff.

Reporting to

The Chairman and Non-Executive Directors of the Association.

Remuneration

A five-figure salary and a car is being offered with provision for pension/sickness benefits. The complete remuneration package is flexible and can be negotiated within a total-cost basis.

Location London

Applicants could well currently hold senior appointments in other trade associations, or in the Government-relations departments of major corporations, or could have recently retired from a Government appointment.

Men or women in the age bracket 40–55 who are interested in the appointment should first send a detailed curriculum vitae to:

Mr D. Rowlands, Personnel Director,
The Littlewoods Organisation, 4th Floor,
JM Centre, Old Hall Street, Liverpool L70 1AB.

Mr Rowlands has been asked to prepare a short list for consideration by the Chairman and Non-Executive Directors of the Association.

MANAGING DIRECTOR

Circa £20,000 and quality car Warwickshire

Our client is a leading group engaged in manufacturing, distribution and retailing of specialised automotive products.

The continual and profitable growth of the company now needs to be consolidated and stabilised — a job which necessitates the appointment of an experienced and mature Managing Director to channel the enthusiasm of the young management team.

Candidates for this interesting job must possess a broad practical experience of distribution, preferably retailing, the tact and ability to control and motivate staff at all levels and the strength of personality to ensure that the right policies are adopted by established management.

The initial rewards and fringe benefits for successfully carrying out the duties of this post will be substantial, and in the long term may be enhanced by equity participation in the company.

Candidates, male/female, should apply for a Personal History form quoting reference GM218, to:

Brian Jones,
Thornton Baker Personnel Services Limited,
Kennedy Tower, St. Chad's Queensway, Birmingham B4 6EL.
Telephone: 021-236 3874.

Interviews will be held in London, Birmingham and Manchester.
A member of the Management Consultants Association.

tb
Personnel and Industrial Relations Consultants

INTERNATIONAL FINANCE

c. £10,000 — Home Counties
with attractive fringe benefits

A University graduate/qualified accountant required for senior executive position reporting to Finance Director of International Division of substantial U.S. multi-national concern. Initial responsibility involves financial surveillance of several overseas companies. Inter-continental travel involved. Multi-language capability would be useful although not essential. Excellent career prospects for right candidate.

Please send your curriculum vitae in strictest confidence to Box A.6576, Financial Times, 10, Cannon Street, EC4P 4BY.

BANK EXECUTIVES

PORTFOLIO MANAGER — £ Excellent Neg.
BRITISH MERCHANT
EUROBONDS — FX — EURO FUNDING

DEPOSIT INVESTMENT MAN — £10,000+
U.S. INTERNATIONAL
EUROPEAN MARKETS — PORTFOLIO FIXED INTEREST

DEALER (young) — £7,000+
U.S. INTERNATIONAL — MAINLY EUROBONDS

INVESTMENT (Pensions) — £8,000+
U.S. MERCHANT
ALL MARKETS — EMPLOYEE BENEFITS

The above positions require your skills and knowledge of the relevant areas. Each position and terms of employment are to be discussed yet all offer superb benefits and excellent promotional opportunities.
Please contact Mr. Roy Stockton.

M & J PERSONNEL CONSULTANTS
Executive Placement Division
01-839 1832

MAJOR U.S. COMPANY

With oilseed processing plant in Caribbean, needs a general manager for the total operation. Successful candidate must have advanced administrative skills and broad oilseed processing experience. Extraordinary career opportunity with fine family living and climate conditions. English speaking.

Write Box A.6589, Financial Times,
10 Cannon Street, EC4P 4BY.

CHRISTIAN AID seeks a qualified Deputy Accountant. Duties include preparation of budget, expenditure control, preparation of management accounts and annual accounts. Responsible to Chief Accountant. Salary approximately £5,500 (including London allowance) additional generous children's allowances, LVs, good holidays. Offices at Brixton. Please apply with CV for job description to the Administrative Officer, P.O. Box No. 1, London SW9 8BH, marked personal and confidential.

TITLED GENTLEMAN sought to occupy position of Honorary President of private finance company engaged in the agricultural industry. Founded in 1962, expanding rapidly. Non-executive position, no liabilities except to attend A.G.M. Remuneration £1,000 p.a. All enquiries handled in the strictest confidence. Write Box A.6592, Financial Times, 10, Cannon Street, EC4P 4BY.

LEGAL NOTICES

No. 003764 of 1978

In the HIGH COURT OF JUSTICE, *Chancery Division. In the Matter of* ELTHAMSHIRE INVESTMENT TRUST LIMITED and in the Matter of THE COMPANIES ACT, 1948.

NOTICE IS HEREBY GIVEN that the ORDER of the High Court of Justice (Chancery Division) dated 18th December, 1978, CONFIRMING (a) the cancellation of the Share Premium Account of the above-named Company *and (b) the* REDUCTION *of the* CAPITAL of the said Company from £10,000,000 to £20,000 and the Minute approved by the Court showing with respect to the capital of the said company as altered the several particulars required by the above-mentioned Act were registered by the Registrar of Companies on 20th December, 1978.
Dated this 27th day of December, 1978.

HEBERT SMITH & CO.,
62 London Wall,
London EC2R 7JP.
Solicitors for the above-named Company.

No. 003987 of 1978

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of TOWER MECHANICAL SERVICES LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a *Petition for the Winding up of the* above-named Company by the High Court of Justice was on the 5th day of December 1978, presented to the said Court by WILLIAM BROAD LIMITED whose registered office is situate at 49, Rathmore Road, Charlton, London, SE7 7QP, *and that the said* Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London, WC2A 2LL *on the 22nd day of January 1979,* and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the *Petition will be furnished by the under*signed to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

WOOLSEY MORRIS & KENNEDY,
100, Station Road,
Sidcup, Kent.
Ref: MC. Tel: 01-300 9321.
Solicitors for the Petitioners.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing *of his intention so to do. The notice* must state the name and address of the person, or, if a firm the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in *sufficient time to reach the above-*named not later than four o'clock in the afternoon of the 19th day of January 1979.

No. 002 of 1979.

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of E. J. LACY & CO. LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the *above-named Company by the High* Court of Justice was on the 2nd day of January 1979, presented to the said Court by READY MIXED CONCRETE (LONDON) LIMITED whose registered office is at RMC House, 53-55 High Street, Feltham, Middlesex, and that *the said Petition is directed to be* heard before the Court sitting at the Royal Courts of Justice, Strand, London, WC2A 2LL on the 5th day of February 1979, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; *and a copy of the Petition will be fur*nished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

YOUNG JONES HAIR & CO.,
2 Suffolk Lane,
Cannon Street,
London, EC4R 0AU. Ref. 21.
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of *the person, or, if a firm the name and* address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in *the afternoon of the 2nd day of Feb*ruary 1979.

COMPANY NOTICES

TRADINVEST BANK AND TRUST COMPANY OF NASSAU LIMITED
Head Office: 36 Queen's Street, Nassau, Bahamas

7½% at 1973-1983 F.F.250.000—
NOTES SECURITY CODE 795 095

Numerical list of 40 notes drawn at the first drawing on January 4, 1979, redeemable from January 10, 1979 by F.F.250.000 per note:
No. 103 to 142

Redeemed Notes must be presented to:
—Société Générale, Paris.
—Banque de Commerce et de
—Placements, Geneva.

GRANGES AB
THE GRANGESBERG COMPANY
8½% LOAN 1989

S. G. WARBURG & CO. LTD., announce that the seventh annual instalment of Bonds to a nominal value of U.S.$1,000,000 have been purchased for redemption on 15th February, 1979.
U.S.$10,000,000 nominal amount of Bonds will remain outstanding after 15th February, 1979.

30, Gresham Street,
London EC2P 2EB.
9th January, 1979.

UNITED PLANTATIONS BERHAD
(*Incorporated in the States of Malaysia*)

NOTICE OF DIVIDEND

NOTICE IS HEREBY GIVEN that in pursuance of a resolution passed by The Board of Directors an interim Dividend of 5% less 40% Malaysian Tax was declared in respect of the year ended 31st December, 1978 (*i.e.* a net dividend of 3%).

NOTICE IS ALSO HEREBY GIVEN to holders of Share Warrants to Bearer that Coupon No. 64 detached from Share Warrants to Bearer should be presented for payment in accordance with the above mentioned Resolution on or after the 31st January, 1979, to the Hongkong Bank Group's London Office, British Bank *of the Middle East,* 99, Bishopsgate, P.O. Box 199, London EC2P 2LA.

THE WELLCOME FOUNDATION LIMITED

U.S.$20,000,000 8¼% BONDS 1987

The annual report and accounts of The Wellcome Foundation Limited for the *financial year ended 26th August, 1978,* will be available for inspection at the offices of Messrs. Slaughter and May, 35, Basinghall Street, London EC2V 5DB, during the usual business hours on any weekday (Saturday excepted) until February 9th, 1979.

PERSONAL

ALL THOSE WISHING to enter the 1979 CUTTY SARK NATIONAL CROSSWORD CHAMPIONSHIP should write on or before 12th January, 1979, enclosing s.a.e. to Crosswords, Cutty Sark Scotch Whisky, 42, Albemarle Street, London, W.1.

MR. D. GINSBURG, MP, sponsored a dinner at the House of Commons on Friday given by the partners of *Mordant Latham & Co. to mark the* retirement of Mr. Richard A. C. Mordant, FCA. The guests included Lord Goodman, Mr. Michael Crystal, *Mr. R. A. Dudman, secretary of Asso*ciation of Certified Accountants, Mr. E. R. Gibbs, President of the Association of Certified Accountants, Mr. W. Stubbs, Mr. J. P. Grenside, past President of the Institute of Chartered Accountants in England and Wales, Lady Latham, Mr. Sidney Mason, Chairman of Hammerson Property and Investment Trust Ltd., Mr. Michael Nolan, QC, Mr. R. Vernon, Chief Clerk, Companies Liquidation Branch, Department of Trade, Mr. Richard Coopman, FRICS, and a past President of the British Chapter of the International Real Estate Federation, and Mr. D. Cluskey of Bachelors singing group.

OBITUARY

BOUVARD, GEORGES EMMANUEL. Banque de l'Indochine et de Suez, London, regrets to announce the death *on the 12th December, 1978. In his* 88th year, of Mr. Georges Emmanuel Bouvard, the much respected manager of the branch from 1966 to 1970. *Expressions of sympathy may be* addressed to Madame Bouvard, 4, Rue Duvivier, Paris 75007, France.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● ENVIRONMENT

Cool comfort at work

A COMPACT *unit, incorporating* humidity control and indication, is the result of design modifications to its Mistflow 20 air humidifier, announces Dalesman Scientific Company, 686 Bolton Road, Pendlebury, Manchester M27 2FH (061-794 8734).

Unit operation is based on the cold water atomising principle, with a resultant output of 20 lb per hour of fine mist. Under normal working conditions, this will produce effective *humidification* of some 40,000 cubic feet of air per hour.

Additionally, it provides around 20,000 Btu per hour of adiabatic *cooling of the air.* Close control of humidifying processes is offered with the built-in controller and dial indicator which control relative humidity between 20 and 80 per cent.

Very fine mist output is produced by compressed air nozzles and projected into the atmosphere by a built-in recirculating fan. Mist flow can easily be directed by angling the atomising nozzles.

This *directional* facility enables higher humidity levels to be obtained at any particular stage of an *industrial* process, or in specific areas with a large building.

Because the redesigned casing offers ready access to the *interior for periodic service* and cleaning, the unit requires the minimum of servicing, says its maker.

● MAINTENANCE

Keeps roads clean

LOW COST is the main attraction of a road brush, mounted on the tractor three-point link*age and driven from the power* take-off, says Leeford (London), Great Ryburgh, Fakenham, Norfolk (032878) 312.

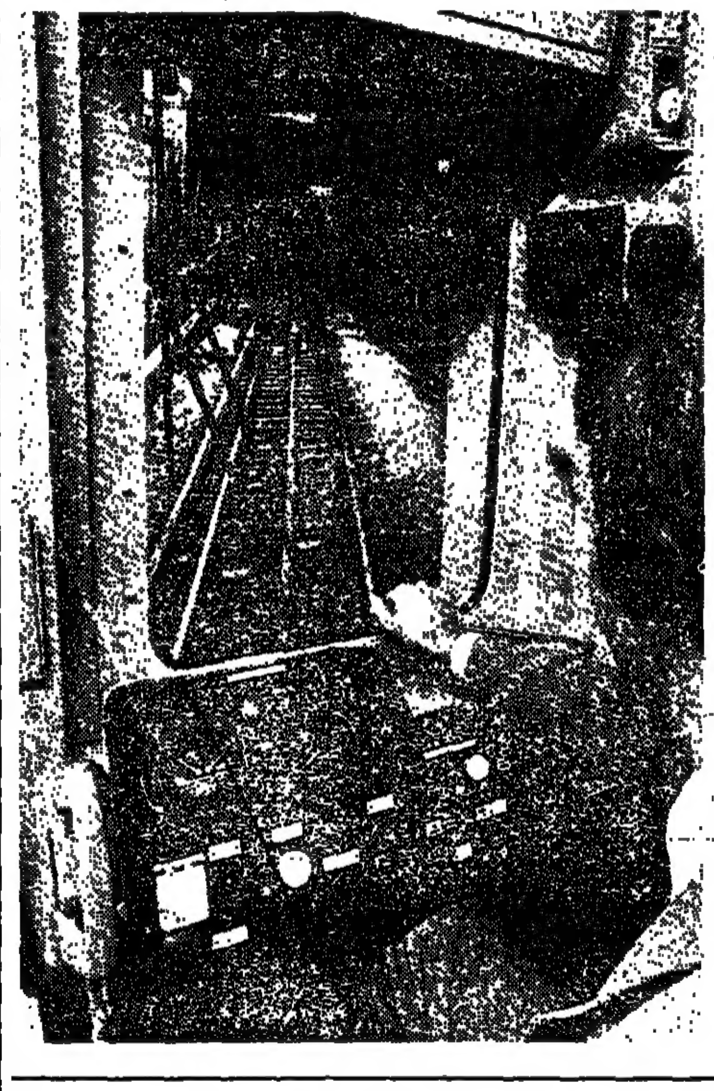
It is suggested for use with tractors with either no or unsatisfactory hydraulics, and where full mechanical power is required for comparatively short periods.

Called the Rotabrush, it is set at a predetermined angle of 30 degrees either to the right or the left. It has a brush diameter of 27 inches and covers a working width of 67 inches. It is offset some three inches to the kerbside.

Brush height is adjusted by means of two 10-inch diameter rubber-tyred swivel castor *wheels on screw adjusting* jacks.

Available with either polypropylene or wire bristles, or a mixture of both, the brush fits tractors with either category I or II three-point linkage, equipped with a 1⅜-inch diameter six-spline 540 rpm power take-off.

It weighs 770 lb and will follow contours of up to 4 degrees relative to the tractor.



● MATERIALS

Solves mouldy problems

INDUSTRIAL EQUIPMENT, walls, concrete, iron and wood are all vulnerable to the pro*blems of mould growth* and organic contamination.

A product which promises to kill mould, mould spores and bacteria, Fungus Killer 111, is now available from Rust-Oleum Corporation, PO Box 138, 4700 AC *Roosendaal, The Nether*lands.

The solution, it is claimed, also removes grease, oil, proteins, and other organic contaminants. It roughens old coats on surfaces, and removes those in bad condition, thus preparing surfaces which then became optimately suitable for application of new coating systems.

*Jelly-structure gives the solu*tion body so that it will cling to the surface to be cleaned. It can be applied by brush, and after 10 minutes, washed off *with fresh water.*

It promises benefits in the food industry, too, as a ready-to-hand, safe cleaner, where thorough cleaning is necessary *in kitchens, showers, cellars,* storerooms, etc.

Heat is controlled

A WINDOW insulation film, described as a considerable breakthrough *in energy con*servation and claimed to approach the thermal efficiency of double glazing at a fraction of the cost, has been developed *by 3M's Energy Control Pro*ducts.

Scotchtint P19 window insulation film has been devised for application to the interior of *window surfaces,* where it performs two functions—reduction of heat losses from inside during *winter and control of excessive* solar heat from outside during summer. It also helps control the amount of condensation.

3M's solar control films are *applied by a nationwide network* of specialist applicators. It is not a do-it-yourself product and is obtainable only from specialist contractors.

● HAND TOOLS

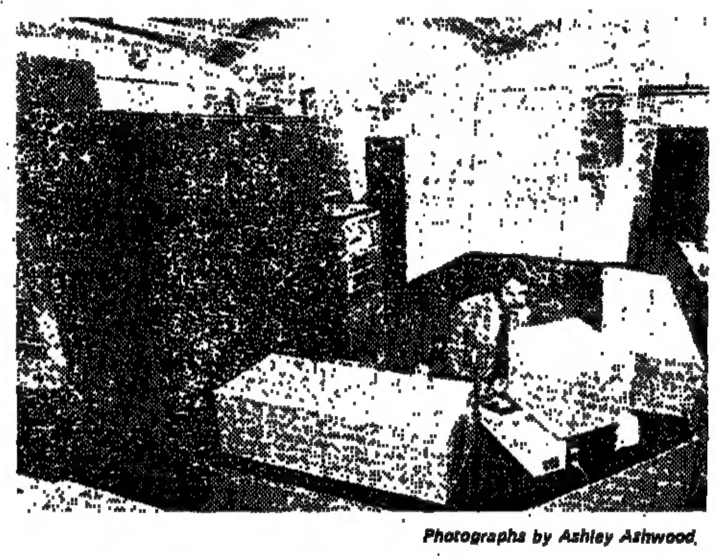
Shifts nuts with ease

EVEN DAMAGED or rounded nuts successfully react to a self-adjusting, non-slip universal wrench that performs like a self-adjusting ring spanner, says maker Virax UK, Pennypot Industrial Estate, Hythe, Kent CT21 4BR (0303 69111).

The wrenches are available in two sizes for nuts ranging from ⅜-inch to one-inch across flats, *and are equally suited to metric,* Imperial or any other thread form.

Because they combine the advantages of both multi-purpose and socket wrenches, valuable time is saved by the user, who does not have to waste effort searching for or changing tools, *says the company.*

Bodies are machined from chromium steel and are equipped with durable moulded plastic handles, hand-shaped for *comfort. They are capable of* transmitting torques up to 400Nm.



Photographs by Ashley Ashwood.

Redifon Simulation is supplying three train operator cab simulators for training drivers for the Hong Kong Mass Transit Railway Corporation. The equipment has been ordered by Metro-Cammell, the company building the rolling stock. The three simulators shown here will be exact replicas of the driving cab interiors. As can be seen, supervision will be carried out by an instructor seated at his own console and trainees will be confronted by a visual system showing the track and general scene ahead. Typical motoring and braking sounds will be provided as well as a passenger public address system. Emergency procedures will also be covered.

● POWER

Keeps the computer in operation

A RANGE of uninterruptible power systems (UPS), essential for many modern computer installations where any break in the power supply cannot be tolerated, is available from Erskine Systems of Scarborough.

The units manufactured by *Franklin Electric,* U.S., are available in ratings up to 150 kVA.

In normal operation the three phase AC mains supply is fed *to a rectifier charger,* which provides regulated DC power to the inverter and also float charges the UPS battery. The inverter in turn delivers regulated three phase AC computer grade power to the critical electrical load.

In the event of the mains supply degrading or failing com*pletely, the inverter, which is* connected to the battery, immediately draws DC power from the battery and continues no-break, full-load operation. The delivery of regulated AC power to the computer or other critical loads, remains within the strict *specified tolerances.*

The battery continues to support the inverter with energy for the designed time interval, usually between *five and 15 minutes.* This allows ample time for a standby generating set to start or an orderly shutdown to be completed.

More information about the systems can be obtained from Erskine at Lee De Forest House, Scarborough, Yorks., YO11 3DU (0723 883511).

● COMMUNICATIONS

Solar radio for railway

THE Australian National Railways will use solar energy to power its radio communications system across the new 830-km *(515-mile) rail link between* Tarcoola and Alice Springs in Central Australia.

A A$500,000 contract has been awarded to the Melbourne-based Lucas Industries Australia to supply the solar cell modules that will recharge batteries, providing power for the system.

The *VHF micro-wave radio* communications system will have 26 repeater stations. Terminal stations at Tarcoola and Alice Springs will use mains power, and the remaining 24 will use solar energy.

The communications system will provide radio contact with moving trains along any part of the line, which passes through desolate and uninhabited country. Train crews and track maintenance gangs will have constant radio communications with train control and with one another.

The radio equipment was designed for relatively low-power consumption, which made it feasible to use solar power instead of diesel units for the repeater stations, which would have involved higher costs and greater maintenance.

● METALWORKING

Will offer Italian machines

W. E. NORTON (Machine Tools) of Sheffield, has been appointed *sole UK* sales and *service* agent for vertical turning and boring machines, *plano-milling* machines, and metal planing machines manufacturered by Pietro Carnaghi, Italy.

The double column vertical turning and boring machines are *available in a range of table* diameters from 1 metre to 3.5 *metres, and have* Timken crossed roller bearings to allow heavy loads to be supported. Main motor power is from 50 to 100 hp.

Milling areas up to 10 metres by 1.5 metres are available on *the range of plano-mills* which can be fitted with maindrives up to 25 hp. The metal planing machines offer planing lengths *from 2 to 10 metres and power* is from 20 to 100 hp.

Details are obtainable direct from Norton at Dore House, Industrial Estate, Orgreave Drive, Sheffield S13 9NR (0742 697341).

● RESEARCH

Reinforced plastics

WEAR TESTS on a range of glass reinforced *plastics* samples produced by different manufacturing techniques, to establish whether pipes made by these processes are suitable *for use in the hydraulic trans*port of solids, are to be carried out by BHRA Fluid Engineering.

BHRA will test the various makes of *GRP pipes against* mild steel as the reference material, and will use four slurries in the tests: fine particle emery grade N 100; fine particle coal slurry; fine particle sand slurry; and 6 mm nominal size granite. Variations in *slurry* concentrations and velocity will be investigated.

Manufacturers and users interested in this project are being invited to participate, and *to play an active part in the* control of the technical programme. Regular progress reports will be available to participants, and the final report *will be confidential for two* years to those taking part.

Interested companies should write to: Dr. P. J. Baker, BHRA Fluid Engineering, Cranfield, Bedford MK43 0AJ; Bedford (0234) 750422.

IN BRIEF

● Steetley Construction Materials of Sheffield has established a ready-mixed concrete operation in Saudi Arabia known as Qanbar Steetley (Saudi) Ltd. The first plant became operational in August last year and is located in the eastern province in the city of Dammam.

● The third international *symposium on* "Aerodynamics and Ventilation of Vehicle Tunnels" to be organised by BHRA Fluid Engineering will be held from March 19-21 at the University of Sheffield. The meeting has been timed to follow "Tunnelling '79," which *is being held in London* the previous week.

● Stokey Plant Hire, Wolverhampton, says it has taken delivery of the world's largest track-type tractor, the Caterpillar D10. Supplied by Bowmaker (Plant) of Cannock, Staffs, it is equipped with an 18-foot-wide straight blade and Caterpillar single shank ripper with hydraulic pin puller. It measures over 30 feet in length and is 15 feet high, topping the scales at 190,000 lb.

● Tarmac Construction has commenced the five-month task of extending the dockside at West Scotland's kipper-producing village of Tarbert on the Mull of Kintyre. Mainly local labour will be used to carry out *piling* work and building a high quality concrete pier, says the company.

APPOINTMENTS

Hongkong and Shanghai Banking London

Sir John Addis, Mr. E. P. Heath and *Mr. G. M. Sayer* have become members of the London Advisory Committee of the HONG KONG AND SHANGHAI BANKING CORPORATION. *Sir John* was UK Ambassador to China 1972-74. Mr. Heath has been an executive deputy chairman of Inchcape and Co. since 1975. Mr. Sayer was chairman of the Hong Kong and Shanghai Banking Corporation between 1972 and 1977. Mr. K. Bradford, general manager of the British Bank of the Middle East also joins the committee in place of *Mr. A. Macqueen* who retired as chairman of the British Bank of the Middle East at the end of last month.

★

Mr. Christopher Duffett has been appointed to the Board of the ECONOMIST NEWSPAPER as finance director.

★

Mr. J. D. Rickard has become managing director of PARK WEBB FORGE. He succeeds Mr. A. J. Blythe, who has taken up another appointment within the group in Nottingham. *The company* is a member of the engineering division (northern) of the Dobson Park Industries Group.

★

BSG INTERNATIONAL has made the following appointments at *Bristol Street Motors* Birmingham: Mr. Norris Lawley, managing director, and Mr. Laurie Evans, deputy managing director.

★

Mr. Vic Williams has been appointed chairman of AGRICULTURAL PRESS and IPC Building and Contract Journals in succession to Mr. John Harris, who is to retire later this year. Mr. Bryan Hope *succeeds* Mr. Williams as chairman of IPC Specialist and Professional Press.

★

Dr. David Richardson has been appointed to the newly-created position of product *manager* by PERCY LANE GROUP.

★

The Secretary of State for Scotland has nominated Mr. J. Murray to be a member of the Special Panel of the TRANSPORT TRIBUNAL. Mr. Murray succeeds Professor D. F. Macdonald who has been a member of the Panel since 1959.

★

Mr. Christopher Strang has become chairman of AULT AND WIBORG GROUP. Mr. Peter Clarke *is now sole* managing director and continues to be responsible for all group and subsidiary company operations.

★

Mr. Roger Vobe has been appointed in the newly-created *post of chief social services officer* with BEXLEY COUNCIL.

★

MORGAN GUARANTY TRUST COMPANY has appointed the following vice-presidents: Mr. Randee Day Ammon, Mr. Walter A. Gubert, Mr. William J. Kimmell III and Mr. Hendrik A. Klein Haneveld. At the same time Mr. Thaddeus T. Beczak *Jr., Mr.* El-Walid Nsouli, *Mr.* David M. Tapley and Mr. Paul D. Wietzel have become assistant vice-presidents. All are at the bank's London office.

★

Mr. W. E. Bradbury has been appointed group marketing manager for the LINFORD BUILDING GROUP.

★

Mr. L. D. Coppin and Mr. J. R. Hill have been appointed directors of HARTLEY COOPER U.K.

★

Mr. C. C. Procter has taken up appointment in London as deputy *chief representative in Europe* of the RESERVE BANK OF AUSTRALIA.

★

Mr. S. Ahmad *Taheri* has been made area director, UK and Mediterranean of BANK MELLI IRAN, succeeding Mr. Hadi Amin wh has returned to Tehran as an executive vice-president of the Bank.

★

Mr. Robin J. P. D. Podd has been appointed managing director of BARNETT KEEL INTERNATIONAL.

★

Mr. David A Ball has been appointed managing director of BULL MOTORS, a wholly owned subsidiary of the National Enterprise Board.

★

Mr. Denis E. Drake, company secretary of GLYNWED, will be retiring in March and Mr. John C. Blakeley, at present the group's legal adviser, has been appointed company secretary.

Mr. W. G. Buchanan has been appointed vice-president, corporate affairs, Europe, for CANADIAN NATIONAL RAILWAYS. *He will continue to be located in* London, where he has been European general manager since 1968.

★

Mr. J. E. Chilcott, formerly commercial director of the rolled products division of the BRITISH ALUMINIUM COMPANY, has been appointed commercial director of the BA *Group, succeeding* Mr. D. H. K. Rugg, who has become marketing director of the group. Mr. H. R. Herrington has succeeded Mr. Chilcott as rolled products commercial director.

★

SIMON ENGINEERING has made the following appointments: Mr. D. Harrington to technical director of Simonacco; *Mr. R. T. Harmer, manufacturing* director of Simon-Barron; and Mr. K. M. Brown, manufacturing and supplies director of Simon-Solitec.

★

Mr. Eric C. Langdon has been appointed deputy managing director of BLACK-CLAWSON INTERNATIONAL. He was previously sales director.

★

Mr. J. Malcolm Barr has been elected president of the LEEDS PERMANENT BUILDING SOCIETY of which he has been a director since 1972 and vice-president for the past year. *He succeeds Mr.* P. A. F. Ashworth. Mr. Barr is chairman and managing director of Barr and Wallace Arnold Trust. Mr. W. Leonard Hyde has become vice-president of the society.

★

ROYAL INSURANCE has appointed Mr. J. N. H. Hay and Mr. J. J. Howard, at present general managers, as deputy chief general *managers* of the group.

★

Mr. D. C. May has been appointed company secretary of ALFRED PREEDY AND SONS.

★

Mr. Peter N. Sillars, an executive director of Geest Industrial Group and general manager of the W. Groom Division, has been *elected to* the Board of the STANDARD PISTON RING COMPANY as a non-executive director.

★

Mr. K. J. L. Thomas has joined CHANDLER HARGREAVES WHITTALL AND CO, insurance brokers, as non-marine assistant director. He was, until recently, a director of Dewey Warren (Home). Mr. M. Bernardes has been appointed North American assistant director of Chandler Hargreaves Whittall.

★

Mr. Brian *Dix*, previously managing director of Ultra Electronics (Components), has been appointed managing director of NOLTON COMMUNICATIONS, a wholly owned subsidiary of Nolton Ltd.

★

Mr. C. K. Cowan, Mr. J. Lieford and Mr. B. Ward have been *elected directors of the Board of* ENGELHARD INDUSTRIES. Mr. Cowan is *chief* executive of the metallurgical group, Chessington, Surrey; Mr. Linford is chief executive of the Italian manufacturing company Industrie Engelhard SpA and Mr. Ward is the managing director of another Engelhard company, The Sheffield Smelting Company.

★

ASHBY AND HORNER PLUMBING has been formed within the Ashby and Horner Group. The Board of the new concern consists of Mr. D. H. Thornton (chairman), Mr. P. J. Smith (managing directer), Mr. J. W. Dyer (group financial director) and Mr. J. W. C. Sawyer.

★

Mr. J. C. Graden, at present vice-president, production, for the subsidiary Goodyear International Corporation, has been elected a vice-president of the parent company GOODYEAR TIRE AND RUBBER COMPANY. Mr. J. E. Purcell, regional director, Asia/Africa for the Goodyear International Corporation has become a vice-president of the subsidiary company.

★

Mr. L. Dean has been appointed managing director of WARD WHITE FOOTWEAR OVERSEAS. He joined the Ward White Group in May 1968 and has been general manager and a director of the overseas company. Mr. T. Batten, sales executive becomes a director.

★

Following Sale Tilney and Co. *taking a controlling interest*, Dr. R. T. Allsop, Mr. C. C. Benmore and Mr. C. A. Innes, all directors of S.T., will be joining the Board of JAMES MARSHALL (GLASGOW).

★

Mr. Robert Dykes has retired from the Board of J. DYKES (HOLDINGS) and subsidiaries.

★

Mr. C. G. Knowles has been appointed company secretary of IMPERIAL TOBACCO. He will retain his existing responsibilities as head of public affairs.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

How Ireland's biggest company wrapped it up

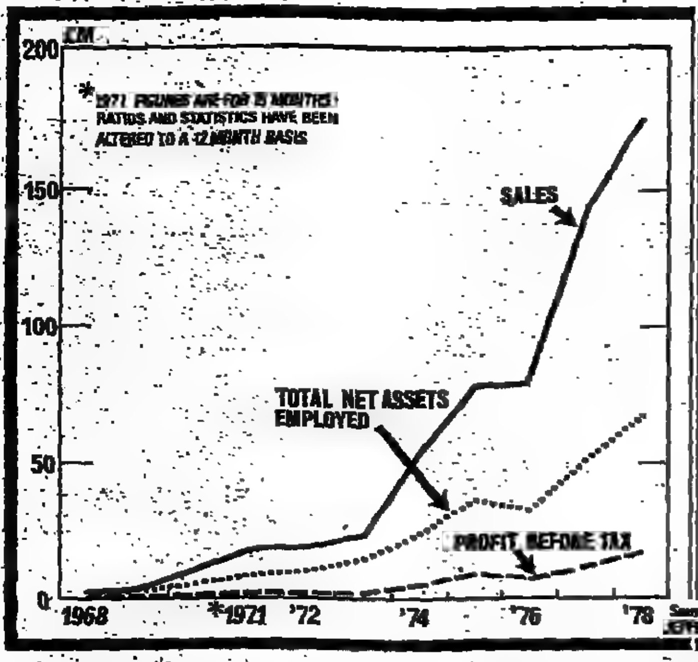
Jason Crisp, on the meteoric rise of Jefferson Smurfit, the print and packaging group

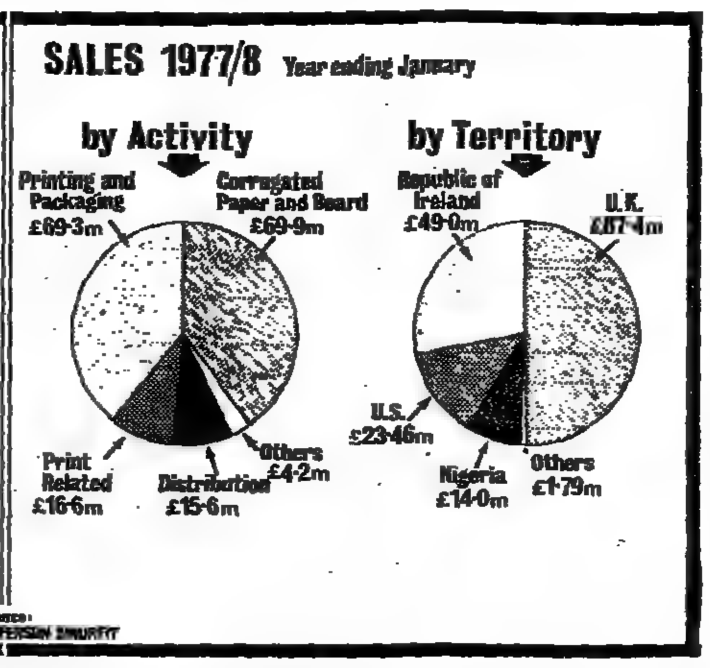
AT Michael Smurfit's headquarters in Dublin, his secretary brings in two steaming hot hand towels before pouring the afternoon tea. As he wipes his hands Smurfit reveals that his one eccentricity is having his initials, MWJS, embroidered on all his shirts.

Certainly a modest quirk for someone who last year was paid £380,000—and who gets all his shirts made, most economically, once a year in Hong Kong. But it all helps add to his image as Ireland's number one businessman.

As chief executive of Jefferson Smurfit, the print and packaging group, he has definitely earned that reputation; when he took over from his father in 1967 the company had sales of £1.49m and pre-tax profits of £201,000. Eleven years later, for the year ending January 31, 1978, the equivalent figures read £175.69m and £15.98m, a near-hundredfold increase.

Unsurpassed in Ireland, for a sizeable company, that growth puts Smurfit on a par with the top handful of fastest UK companies and would place it within the top 250 of the Times 1,000 top industrial companies. As Ireland's biggest private company Jefferson Smurfit has become the flagship of business there and has been dubbed the country's first multi-national—a claim which might irk Cement Roadstone, the previous biggest company, and which has expanding operations in Europe.





Expansion

Outside Ireland, Smurfit has manufacturing capacity in the UK, Australia, Nigeria and the U.S. where it recently extended its existing operations by buying a 27 per cent stake in Alton Box Board.

Inevitably such meteoric growth raises the question of whether the company has grown too far and too fast. The answer lies partly in its unusual history, and partly in its highly decentralised management structure.

For a company of its size, Smurfit remains to a surprising extent a family affair. Four of the eight executive directors are Smurfits, all brothers, and the family still controls 20 per cent of the equity.

J. Jefferson Smurfit himself, Michael's father, bought the company, then called James Magee, a general boxmaker, in 1938 from his wife's family. Four years later he re-named the company after himself and in 1950 changed its tack, out of the general box market and onto corrugated cardboard containers.

In those days it was a typical small and profitable family concern. Jefferson Smurfit was proud that he knew all the employees, not just by name, but their backgrounds and families as well. Any industrial problems were resolved over a pint. Michael McDermott, the Irish Transport and General Workers Union organiser, who negotiated with him for many years and knew him well, attests to the high quality of relations: "I don't mean he was patronising, either."

But the relations between Jefferson and his eldest son Michael were not always so smooth. In 1962 the two had a row over the running of the company and Michael, then in his mid-20s, left to set up on his own, manufacturing corrugated containers in Wigan, Lancashire, albeit with a £25,000 loan from his father.

Four years later, with the Wigan company prospering and Jefferson Smurfit and Sons floated on the Dublin Stock Exchange, Michael returned to the head office in Ireland as a director. It is from this point that the company began to change from a small family concern into the company it is today. Some indication of the change comes from the fact that in 1967, when Michael took charge, it employed 250 people. Today it has nearly 9,000.

The first major step along the acquisition trail was at the end of 1968, when Smurfit bought Temple Press, an Irish company in printing and box manufacture, for £350,000.

A year later, in quick succession, the company bought Browne and Nolan—in printing, cartons, publishing and education—and the Hely Group.

It was the latter purchase which was one of the most decisive for the company. Although Smurfit had a higher market capitalisation than Hely—and it bought it with shares and loan stock — it was a decidedly smaller company when measured in terms of capital employed.

According to Michael Smurfit the Hely management were dismissive of his first approaches—who did he think he was? Presumably the directors felt a little different the day Michael Smurfit, then successful in his bid, took over the Hely boardroom as his main office, and issued an edict that he was to have sight of every bit of paper and written instruction.

The Hely purchase was particularly significant, not just because it was bigger than Smurfits, but also because it had a wide number of interests outside the print and packaging industry. These included the manufacture and distribution of televisions and radios, office equipment, stationery, retailing and even a poodle parlour.

Some observers doubted at the time whether Smurfits could cope with such a wide range of products outside its experience, with print and packaging, immediately after the acquisition, only accounting for 55 per cent of turnover.

With the Hely group under its belt Smurfit had become the third largest company in Ireland. Its next batch of acquisitions was calculated to reduce its dependence on the foibles of the Irish economy and at the same time to increase the proportion of its turnover in printing and packaging.

First it moved to the UK to buy Jefferson Smurfit (Packaging), the company on which Michael cut his teeth, then W. J. Noble, followed by Tremletts Print and Packaging UK and finally Alliance Alders. In the U.S. it bought Time Industries.

Buying spree

The bulk of this buying spree was concentrated between 1972 and 1976. For the last two years Smurfit has remained fairly quiet on the acquisition front as it set about digesting the feasts of earlier years. That was until last month, when it spent £7m on buying a 27 per cent interest in Alton Box Board in the U.S., theoretically valuing the company at around $50m.

In April last year Smurfit signed a very different sort of deal by selling 50 per cent of its corrugated packaging interests to Svenska Cellulosa Aktiebolaget, the substantial Swedish timber company, for £16.5m.

This arrangement was particularly attractive to Smurfit for several reasons: the entire net tangible assets of that particular division were only £10.75; the deal includes a profit incentive plan which could yield Smurfit another £2.5m above its 51 per cent entitlement to profits over three years; and, most important, a long-term contract was signed for SCA to supply kraftliner to the jointly owned subsidiary.

Kraftliner is the outside part of corrugated packaging and the lack of a captive source of supply had been seen as a weak point in Smurfit's competitive armour, because there is often a dearth of it.

The result of the agreement with SCA was to leave Jefferson Smurfit with a strong balance sheet and a modest cash hillock with which it could return to the acquisition trail.

The figures may look good on paper, and the growth record certainly impresses. But they tell little of the pressure such an expansion puts on management resources. It has, agrees Michael Smurfit, been an enormous strain on the organisation; management has been 'fully stretched,' he adds, "I am always on the lookout for new management talent."

In 1976, McKinsey, the American management consultants, were called in to review the structure of the mushrooming organisation. As a result of its recommendations Jefferson Smurfit introduced "strategic business units," groupings of companies with similar markets and competitors and requiring similar management skills. There are 28 in all, grouped into nine divisions, although some divisions comprise only one unit.

Each strategic business unit is a profit centre, as is each of its operating companies — numbering around 100 in all. Financial controls are very strict, with each operating company and business unit providing weekly P and L accounts to the division. Each month, the divisional figures with a breakdown for each company go before the executive directors of the main board. If a company's figures start turning sour the managing director will soon find himself facing a tough grilling. As one senior Smurfit man puts it: "Michael has the unnerving habit of asking the one question you'd really rather not answer."

A key aspect of this corporate structure is that all the units are small—the optimum size for a strategic business unit is 300 people, according to Howard Kilroy, until recently finance director and now chief operations director and number two to Michael Smurfit. This in part reflects J. Jefferson Smurfit's belief in knowing everyone in the original company . . . the weekly financial controls were also instituted by him.

Companies acquired by Jefferson Smurfit have "from day one" to apply the strict controls of their new parent. From that point starts a process which is less easily defined. It is what the company unfortunately refers to as "Smurfitising."

This, it seems, is more than just introducing new systems and methods, though these are, of course, included, with an accent on sales and marketing. One of the main purposes of the process is to create a high level of motivation.

Howard Kilroy explains: "The style is created by Michael Smurfit. He is an attractive, dynamic person, like the front end of a sonic boom. The company is built on the quality of leadership, and from this we have a range of well-motivated individuals."

Michael Smurfit devotes much of his energies to motivation, "I spend an enormous amount of time keeping up an esprit de corps. I want people to believe they are of value." It means, he says, that he lives in an aircraft as he jets from company to company; five business dinners a week are not unusual.

The future for Smurfit is clearly going to be slightly different. For one thing the pace of growth must become more stately. As Michael Smurfit reflects: "If we carried on at the rate we are going it would not be long before our turnover was greater than the Irish GNP."

Although the company will continue to acquire others, they will tend to be bigger and in better condition, and therefore the turnrounds will tend to be less dramatic. It has been part of the Smurfit style to buy companies with sagging profit records and reap the benefits by injecting new management.


Michael Smurfit—like the front end of a sonic boom.

In each of its three major sales areas, Jefferson Smurfit will grow in different ways. In Ireland, where it is market leader, it will be defending its position in corrugated paper and packaging, although there is the corresponding bonus that the Irish Republic is the fastest growing economy in Western Europe.

Prime target

Smurfit also benefits from the new industry being attracted to Ireland by the Industrial Development Authority, as new companies will always need packaging. Michael Smurfit says that in Ireland the company will expand by diversification : "Our non-packaging interests will become material. We do not want the Irish division to be the smallest."

The prime target in the UK is to go for greater market share in the upper quartile of the price range. There is no question of price cutting, says Smurfit, who claims that margins range "from abysmal to terrible," at around 7½ per cent pre-tax. The drive will be based on sales effort and service quality, he says.

In the U.S. the company has just made its next step with its acquisition of a minority stake in Alton Box Board. North America looks as if it will be the greatest area for the company's expansion in the packaging business—it is only in Ireland that the company is stepping outside its traditional area of expertise.

Providing the Alton deal goes through—its board still does have the option of finding an alternative buyer of the shares acceptable to the vendor, The Williams Companies of Oklahoma—it will represent a major advance for Smurfit. With 1977 sales of £122m Alton is not that much smaller, in turnover terms, than Smurfit, £175.7m, although its profits were only £1.5m, compared with very nearly £16m.

Smurfit has already offered to purchase new shares on Alton to take its stake up to 51 per cent. If it is successful and on the assumption that it can return Alton to a respectable profitability, it could use it as a vehicle for future acquisitions in the U.S.

Alton would be the last major acquisition for some time although Smurfit is still looking at much smaller entities. Europe is one possibility, but it is an area where Michael Smurfit is cautious: "The industry tends to fare badly in Europe and it is over-fragmented." Any purchase there, he says, would be unlikely to exceed $10m.

Inevitably, the expansion in the U.S. will continue to stretch Smurfit's management resources, all the more so because of the distance from head office. It will need all of Michael Smurfit's considerable energy and ability, which must leave some people hoping he does not fall in the Liffey.

ACCOUNTANCY

The Civil Service—investing in better financial control

OUT OF the 500,000 non-industrial civil servants who together handle the £42bn a year spent by the Civil Service there are still only 1,000 professional accountants.

Awareness is growing of the need to train and, where possible recruit, more professional accountants to deal with the every increasing complexity of the Civil Service's managerial function. The need was highlighted by MPs in the twelfth report from the Commons Expenditure Committee when they stated that improvements in accountability to Parliament and in the efficiency of the Civil Service would partly depend on an increase in the "number and status of accountants in the Service."

The Committee commented that the slight increase in the number of accountants in the Professional Accountant Class since 1968 was insufficient for a function which it thought of "major importance."

Against this background the Civil Service Department has begun to train its own professional accountants and while the various schemes are still only able to accommodate a limited number of participants, the courses are seen as an investment for the future and "the start of a trickle that could develop, if not into a flood, at least into a respectable stream."

Mr. Charles Morris, Civil Service Minister, claims that "a good deal of effort is being put into developing and improving financial planning and control systems in the Civil Service and with improving the presentation of financial information both internally and for Parliament." Civil Service financial systems are of necessity becoming ever more complex to meet the requirements made on departments.

While there is a clear case for training more accountants to deal with departmental accounts and estimates, more are also needed particularly in those areas of semi-commercial activity undertaken by the Civil Service, such as in the operation of trading funds like those run by the Royal Ordnance Factories and the Property Services Agency (Supplies Division).

While there is of course a need to make efficient use of existing resources and present clear accounts for public scrutiny, the argument in favour of recruiting and training more professional accountants for the Service becomes compulsive when departments come into direct contact with private industry because they need to be credible.

In common with other areas of the service where professionally qualified staff are employed, one of the major problems is the vexed question of pay comparability with the private sector.

This affects the ability of the service to recruit professional accountants in competition with the higher wages in the private sector. A partial though not complete solution is for the service to train its own professional accountants and it is proving increasingly successful in this field.

About six out of every ten students fail Britain's professional accountancy examinations; however, civil servants on an "in house" training scheme are achieving 90 and 100 per cent pass rates, which reflects their high degree of selection.

Special skills

The course for the Institute of Cost and Management Accountants examinations at Worthy Down near Winchester is run by the Royal Army Pay Corps and was originally begun in about 1960 to provide specific skills for members of military costing teams and a broader training in management skills for selected officers and others in the Royal Army Pay Corps.

In the middle 60's the course was thrown open to civil servants involved in the financial management of the Royal Ordnance Factories and the Royal Dockyards. Following an inter-departmental working group report the scheme was extended to all civil servants in 1975.

To date 48 civil servants (including three women) have been accepted onto the course; very few have dropped out. Six of the current students have now completed the course, of whom two have subsequently found other jobs and two others left before completing the course.

According to Mr. Morris, "Many of these young officers will eventually reach senior positions in the financial management areas of their various departments and it is very encouraging to see such a convincing display of their competence."

The key factor in the selection of students for the course is "motivation" — not just academic ability or the ability to pass exams. Typically the student selected is aged between 26 and 28, is an Executive Officer or Higher Executive Officer and has had five or six years' experience in the service.

The course itself is completely voluntary since it involves intensive study and periods away from home. There are at present no specific cash inducements or rewards offered to students for this although a successful candidate may reasonably expect accelerated promotion and greater work satisfaction.

On completion of the course most students are expected to return to their own departments either to develop management accounting systems or to work in general financial management divisions.

While the Worthy Down course is the only current internal professional accountancy training scheme, other external schemes exist and to which different departments may sponsor students.

Despite some continuing reluctance within certain departments to make full use of accounting systems and of accountants the situation is changing rapidly.

It has been suggested that up to 90 per cent of all non-industrial civil servants are engaged primarily in management and executive-type functions and therefore the Worthy Down brand of "home-grown" professional accountants who already have experience in their own departments have a special appeal.

Kenneth Sharp, head of the government accounting service, has said that the initial results from the course represent "a most encouraging start which augers well for the future." But whether it will be possible to expand the course to meet the full demands of the Civil Service for professional cost and management accountants remains to be seen.

Paul Taylor

LOMBARD

Late New Year Resolutions

BY SAMUEL BRITTAN

BECAUSE OF the snow and ice some things have developed a little late in 1979. These include my New Year Resolutions. But one advantage of making them late is that they can take into account experience of the holiday and festive season. I shall start with my personal resolutions, which may or may not strike an echo with other people, and then ask very briefly if they have any moral for the conduct of graver affairs.

First and foremost, I intend to break with the idea, which has crept in from somewhere, that one must stay until after midnight at a dinner party, lest one gives the impression of being bored or not enjoying it. There are numerous devices used to resist an early departure. There is the host's "Can we put you up for the night?" when one's own bed is at most a few miles away. More insidious is the fellow guest who says "Don't ring for a taxi: we are just going soon and can give you a lift" and then settles down until the early hours. I intend to resist these snares and leave at 11 pm or earlier, even if I am the first to go.

Tolerance

My second resolution is never to take a drink I do not really want because of social pressure and to admit to being a one-glass-of-wine person. There is great tolerance in most European countries for the teetotaller — many times the man with the tomato juice is the life and soul of the party, looked at with envy by others. Mr. Callaghan is indeed the most distinguished British exemplar of this role. But there is little tolerance at all for those whose imbibing capacity is less than average and will not join in "the other drink"—or for those who enjoy a glass of champagne (or sekt or asti spumante) but cannot stand the usual trays of whisky, sherry or gin, which are proffered at one gathering after another.

This thought leads me to my third resolution. This is not to be ashamed to go as often as I can afford on the Trans European Express (TEE) or nearest equivalent in the more scenic parts of Europe, without having to think up a pretext for the journey. One of my most agreeable surprises last year was travelling from Zurich through mist and rain, suddenly seeing, as we approached the St. Gotthard, blue sky far above and the sun shining down on newly snow-covered peaks emerging from the gloom. To me this was preferable to any number of "nights on the town." What would have completed the experience—although then the train would have had to be travelling in another direction—would be to have got out and heard a Mozart mass in an ornate and gilded church of the South German or Austrian high baroque.

Fourth, and on a different plane, I shall not be ashamed to rearrange my timetable to make sure of seeing the "Saint" series on British Independent Television, whenever possible on Sunday evenings. You do not need to tell me that Simon Templar, as played by Ian Ogilvy in the series, would be unlikely to share the other above tastes; and if he were anywhere near the St. Gotthard it would not be in a train. But there cannot be a greater mistake than to suppose that one always wants the company of people like oneself.

To some my New Year resolution about dinners and parties will appear killjoy. On the contrary it is puritanical to do what merely gives one a headache because it is officially labelled pleasure. The moral for collectivists at all levels is that tastes *differ and that whatever the* case for equality, it should not be confused with uniformity.

The guiding thought behind my own New Year resolutions was that one should be oneself and not imagine that one is going to turn into an entirely different person in the year ahead. The principle is of wider, perhaps even national, applicability. Life would be dull without fantasies; and we should not be ashamed of admiring Simon Templar. But we should not imagine that we will become like him by using a suitably pink or red tinctured after-shaving lotion in an election year, any more than that any change of Government policy can revolutionise a nation's economic performance whose roots lie deep in history.

In yesterday's Lombard article, reference was made to a proposed merger between Firestone and Eaton Corporation. This should have referred to the proposed merger between Firestone and Borg-Warner. We apologise for this error.

The disc player comes into its own

FILM AND VIDEO

BY JOHN CHITTOCK

MOVING PICTURES on a television screen can be derived now from a variety of pre-recorded media—35 mm and 16 mm film, videotape (frequently self-contained in a cassette), video discs, even a sheet of square photographic film in which the electrical signals of the programme are encoded as microscopic density variations. The video industry, constantly befuddled with standardisation problems, seems at least agreed on one thing: a single name, videograms, to cover the various media that yield a pre-recorded television programme.

The word is going to crop up a great deal in 1979. On the Continent, Polygram — the Philips-Siemens partnership—is just one of many companies now stockpiling material for the videogram market; likewise EMI, IPC, Intervision and others in the UK, and in the U.S., MCA (which owns Universal Pictures), RCA, and familiar family entertainment names like Walt Disney and 20th Century-Fox. The kind of material being made available ranges from box office movies like The Graduate to obscure films on angling and golf which may be—at times—the last pickings left in the mad scramble that distributors have experienced in acquiring the rights of existing material.

Early customers for videocassette machines in Britain are already witnessing the first signs of the videogram market, with direct mailing telling them of programmes available from some of the distributors (the customers' addresses in at least one case coming from a TV rental company which provides videocassette machines). This kind of commercial co-operation is necessary if the chicken-and-egg problem is to be solved—if, indeed, there is a market at all for pre-recorded videocassettes. Most domestic users to whom I have spoken use their machines for recording TV programmes for later viewing and there are few signs of a rush to buy or rent programmes.

The most promising sector of the pre-recorded market started in part-earnest on December 15 when, at last, the Philips/MCA video disc player went on sale in Atlanta, Georgia. "Additional markets" will be added throughout the U.S. during 1979. Price of the players, originally expected to be somewhere between \$500-\$600, has turned out to be \$695—a figure still competitive with videocassette machine prices in the U.S. which drift around \$900.

For the videogram distributors, the disc must offer the real promise for mass sales because it costs less than some paperback books. For the Atlanta launch of the player, handled by the U.S. Philips subsidiary Magnavox, programmes are being supplied by MCA for as little as \$5.95 for shorts, and \$15.95 for very recent two-hour feature films (and "very recent" includes Jaws II, McArthur and Animal House).

The market for pre-recorded programmes such as these could bring new companies into the videogram business. The most likely example here are the TV rental companies—a point surprisingly missed in the just-published report by Buckmaster and Moore, The Home Video Market and its Implications for the TV Rental Business. Projections made in this analysis present an encouraging picture for the rental companies in terms of video hardware—such as for Thorn, an income growth from video rental that could rise from £3m in 1978 to £235m in 1987.

Yet the TV rental companies may well be renting or selling video discs along with the machines, and Radio Rentals are already experimenting with this idea for cassettes. A point that the rental companies make is that their business is a High Street one—their strength, a network of retail outlets backed up by a service capability. This may well be the perfect marketing mix for renting videograms, because videocassettes can be damaged and the rental outlet may well have facilities to repair them. For the video disc, which has infinite life, the swop-shop concept must be also attractive for the TV rental companies.

In the past, companies such as W. H. Smith have expressed doubts about selling videocassette programmes in their shops, preferring to wait for the more compact disc—which also lends itself better to merchandising display. It may be that the problem will resolve itself, because even at £13.20 for a three-hour blank cassette (the going rate in Central London for those who shop carefully), the video disc will always be a much cheaper alternative. Few experts in the industry who have studied the costs of the two media disagree about this.

The sponsored film industry—traditionally a user of 16mm film—is eyeing these developments with uncertainty. Shell UK is one of the handful of industrial sponsors which have added to their libraries a choice of videocassette copies alongside the 16mm prints. Over a two year experimental period, Shell UK have issued 1,300 cassettes on loan—as well as 16mm prints—and regard the new medium as a qualified success. Yet it is still too early to judge because the penetration of videocassette machines is at least five years from saturation point.

One idea proposed for industrial film sponsors is that they should provide free copyright access to their more popular films for the sellers of blank videocassettes; since the tape can be erased by the user, why not sell it with a free programme already on it? (Shell UK's latest about golf, *The Swing's the Thing*, would enlarge their own audience in this way and certainly boost the sale of "blank" cassettes to some users).

What do users of video cassette machines think of them? My own straw poll suggests great enthusiasm—especially when they are used in the family as a TV "time shift" machine. It relieves family congestion, avoids conflict with the children over which programme to watch and even encourages repeated viewing of outstanding movies and TV programmes. The picture quality of the machine, at least as experienced by users of the VHS system, is very acceptable—and the time clock for automatic recording is an essential facility (but one user wished that the clock would also switch off at the end of the programme instead of the end of the tape—avoiding time-wasting searches before recording on the next section).

For one very senior executive in the BBC, however, the videocassette has introduced a new curse in his life. "Once upon a time I could avoid comment by claiming that I missed such and such a programme last night; now I have no excuse and have to get up at 6 am each day to view a pile of yesterday's cassettes."

The final accolade must come from a hard-bitten commentator, knowledgeable of developments just around the corner: I have finally relented and now rent a machine myself. How did I manage for so long without one?

Leicester races seem assured

RACING

BY DOMINIC WIGAN

CLERK of the Course Nick Lees is confident that today's Leicester meeting will see a resumption of racing, and it appears that only a severe overnight frost can prevent it.

Another black cloud hanging over the sport is the fuel shortage. There will be few in the racing industry viewing prospects with anything more than hope until supplies improve.

Charles Weatherby, of the Jockey Club's administration department, sums up the situation saying: "In the event of conditions worsening, racing will have a low priority on fuel resources."

If the fuel shortage continues few horses will be travelling further than their local tracks. Trainers will not be prepared to risk the possibility of stranded horses-boxes in unknown conditions.

While British racing is in the grip of its most uncertain period in recent years, Hong Kong is about to launch what will possibly be the most spectacular meeting to be seen in the Far East. This is the opening programme at the new Sha Tin racecourse. Built at a cost £60m, Sha Tin is a 250-acre complex built on land reclaimed from the sea.

It boasts a 700-feet-long grandstand and will comfortably accommodate 30,000. Among those in Hong Kong for the opening meeting at this track which could soon overtake the famous Happy Valley course for popularity, are Lester Piggott and Yves St. Martin.

Returning to Leicester's less glamorous course, where racing could have gone ahead yesterday but for all the clearing up, the most interesting event could be the Rugby Chase. Here, Viewfinder will be trying to concede 1 lb and 8 lbs to Snowshill Sailor and Doctor Win respectively.

The Compton-trained Viewfinder, the 1½-lengths conqueror of Harry Hotspur when gaining his sole success last season, obliged at this meeting two years ago when beating Wild Fox by three lengths over today's two miles trip. Although he may have his work cut out to foil Snowshill Sailor's bid for a hat-trick, Viewfinder—a smart performer on his day and one who relishes testing conditions—seems to be the answer.

A second course winner who may score again here, is the five-year-old Crowned Prince gelding, Portal Prince, among runners for the Daniel Lambert Hurdle.

Portal Prince, who has won at Market Rasen since giving Groovy 12 lbs and a 25-lengths beating here in November, will be receiving a fair amount of weight from Saucy Dove, and this is likely to tip the scales in his favour.

LEICESTER

12.45—Hedingham Boy**
1.15—Blue Meridian
1.45—Viewfinder***
2.15—Great Brig*
2.45—Portal Prince
3.15—Never For Me

TV/Radio

✧ Indicates programme in black and white.

BBC 1

12.45 pm News. 1.00 Pebble Mill. 1.45 Playboard. 3.20 Pobol Y Cwm. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Winsome Witch. 4.25 Jackanory. 4.40 Screen Test. 5.05 John Craven's Newsround. 5.10 Grange Hill.

5.40 News
5.55 Nationwide (London and South East only)
6.20 Nationwide
6.50 The Osmonds (London and South East only)
7.20 Blake's Seven
8.10 Dallas
9.00 News
9.25 Play for Today
10.15 Missing
11.05 Tonight
11.45 On the Rocks
12.10 am Weather / Regional News

All Regions as BBC-1 except at the following times:—

Wales—5.55-6.20 pm Wales Today. *6.50 Heddiw. 7.10 Pobol Y* Cym. 7.40-8.10 A Question of Sport. 11.45 Dechrau Diarad. 12.10 am News, Weather for Wales.

Scotland—5.55-6.20 pm Reporting Scotland. 6.50-7.20 Songs of Scotland. 11.05 Tuesday Night. 12.10 am News, Weather for Scotland.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 6.50-7.20 As I Roved Out. 12.10 am News, Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth). 6.50-7.20 East (Norwich) Sporting Types; Midlands (Birmingham) Look! Hear!; North (Leeds) The Object in Question; North East (Newcastle) Tuesday North; North West (Manchester) A Grand Sing; South (Southampton) Hey Look . . . That's Me!; South West (Plymouth) Peninsula; West (Bristol) Breakthrough.

BBC 2

10.30 am Worktalk
11.00 Playschool
2.30 pm The Business World
3.00 Crime Writers
3.30 The Living City
4.00 Conversazioni
5.00-5.40 Open University
6.55 The Great Egg Race
7.25 The Master Game
7.55 Mid-Evening News
8.05 Event Horse
9.00 Call My Bluff
9.30 Man Alive
10.20 Count Dracula
11.15 Late News
11.30 The Old Grey Whistle Test

LONDON

9.30 am Australian Sea Lion. 9.45 Spiderman. 10.10 Wild Canada. 11.05 Boney. 12.00 Issi Noho. 12.10 Daisy, Daisy. 12.30 The Cedar Tree. 1.00 News plus FT Index. 1.20 Thames News. 1.30 Crown Court. 2.00 After Noon Plus. 2.25 Tuesday Matinee: "White Feather." 4.20 Michael Bentine's Potty Time. 4.45 Magpie. 5.15 The Brady Bunch.

5.45 News
6.00 Thames at 6
6.25 Help!
6.35 Crossroads
7.00 Give Us A Clue
7.30 Charlie's Angels
8.30 Room Service
9.00 Strangers
10.00 News
10.30 Helmut Newton
11.30 Lou Grant
12.25 pm Close: a painting by Leonardo da Vinci with music by J. S. Bach

All IBA Regions as London except at the following times:

ANGLIA

9.30 am Canada—Five Portraits. 10.25 Walking Westward. 10.50 Dave's Singalong. 11.15 Percy Thrower's Gardens of the South. 11.40 Oscar. 11.55 The Sweet Sugar Doughnut. 1.25 pm Anglia News. 2.00 Houseparty. 2.25 Raffles. 3.20 Heart to Heart. 3.50 The Entertainers. 6.00 About Anglia. 7.00 Bygones. 11.30 Our People. 12.00 Police Surgeon. 12.25 am So You're Lonely.

ATV

9.55 am Friends of Man. 10.20 Something Special. 11.10 Remember '69. 1.20 pm ATV Newsdesk. 2.25 The Tuesday Movie: "A French Mistress." 5.15 Mr. and Mrs. 6.00 ATV Today. 7.00 Emmerdale Farm. 11.30 The Butlins Grand Masters Darts Championships. 12.05 am Something Different.

BORDER

9.35 am The Undersea Adventures of Captain Nemo. 9.40 Animated Classics. 10.25 Walking Westward. 10.50 Dave's Singalong. 11.15 Percy Thrower's Gardens of the South. 11.40 Oscar. 11.55 The Sweet Sugar Doughnut. 1.20 pm Border News. 2.00 Houseparty. 2.25 Raffles. 3.20 Heart to Heart. 3.50 Untamed World. 5.15 Out of Town. 6.00 Lookaround Tuesday. 7.00 Emmerdale Farm. 11.30 Our People. 12.00 *Border News Summary.*

CHANNEL

1.18 pm Channel Lunchtime News and What's On Where. 2.25 Raffles. 3.20 Heart to Heart. 3.50 You're Only Young Twice. 5.15 Mr. and Mrs. 6.00 Report at Six. 7.00 Treasure Hunt. 10.28 Channel Late News. 11.30 Our People. 12.00 Police Surgeon. 12.20 am Commentaires et Provisions Meteorologiques.

GRAMPIAN

9.25 am First Thing. 9.30 Tandarra. 10.25 Walking Westward. 10.50 The Rolf Harris Show. 11.15 Percy Thrower's Gardens of the South. 11.40 Oscar. 11.55 The Sweet Sugar Doughnut. 1.20 pm Grampian News Headlines. 2.00 The Regions Report. 2.25 Tuesday Matinee: "I'm Alright Jack" 5.15 Mr. and Mrs. 6.00 Grampian Today. 6.05 Country Focus. 7.00 Give us a Clue. 11.30 Our People. 12.00 Reflections. 12.05 am Grampian Late Night Headlines.

GRANADA

10.30 am Tuesday Matinee "The Wrong Arm of the Law" 11.00 Flashback. 11.20 Nobody's House. 11.45 A Handful of Songs 1.20 pm This Is Your Right. 2.25 Raffles 3.20 Heart to Heart. 3.50 You're Only Young Twice. 5.10 What's New 5.15 Crossroads. 6.00 Granada Reports. 6.30 Emmerdale Farm. 7.00 University Challenge. 11.30 Our People. 12.00 The Girl with Something Extra.

HTV

9.35 am On Seven Hills They Built a City. 10.00 The Rolf Harris Show. 10.25 Walking Westward 10.50 Dave's Singalong. 11.15 Percy Thrower's Gardens of the South. 11.40 Oscar 11.55 The Sweet Sugar Doughnut 1.20 pm Report West Headlines. 1.25 Report Wales Headlines. 2.00 The Regions Report. 2.30 The Tuesday Matinee: "Judith." 5.15 Melotoons 5.20 Crossroads. 6.00 Report West 6.15 Report Wales. 6.30 Country Comes West. 7.00 Three Little Words. 11.30 Our People.

HTV CYMRU/WALES — As HTV General Service except: 1.20-1.25 pm Penawdau Newyddion Y Dydd. 1.25-1.30 Report Wales Headlines. 4.20-4.45 Goglis. 6.00-6.15 Y Dydd. 10.30 Bywyd. 11.10 World in Action. 11.40-12.10 am Mind Your Language.

HTV West—As HTV General Service except: 1.20-1.30 pm Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

9.30 am Diary of Civilisations. 10.25 Walking Westward. 10.50 Dave's *Swingalong.* 11.15 Percy Thrower's Gardens of the South. 11.40 Oscar. 11.55 The Sweet Sugar Doughnut. 1.25 pm News and Road and Weather. 2.25 The Family. 3.20 Regions Report. 3.50 Out of Town. 5.15 Cartoon. 5.20 Crossroads 6.00 Scotland Today. 6.30 What's Your Problem? 7.00 Emmerdale Farm. 11.30 Living and Growing. *12.00 Late Call. 12.05 am Stars on Ice.

SOUTHERN

9.30 am Animated Classics. 10.25 Walking Westward. 10.50 Dave's Singalong. 11.15 Percy Thrower's Gardens of the South. 11.40 Oscar. 11.55 The Sweet Sugar Doughnut. 1.20 pm Southern News. 2.00 Houseparty 2.25 Raffles. 3.20 Heart to Heart. 3.50 The *Rolf Harris Show. 5.15 Sinbad Junior.* 5.20 Crossroads. 6.00 Day by Day. 6.45 Dick Barton—Special Agent. 7.00 Emmerdale Farm. 11.30 Southern News Extra. 11.40 Pro-Celebrity Snooker.

TYNE TEES

9.25 am The Good Word, followed by North East News Headlines. 9.30 Animated Classics. 10.25 Walking Westward. 10.50 Dave's Singalong. 11.15 Percy Thrower's Great Gardens of the South. 11.40 Oscar. 11.55 The Sweet Sugar Doughnut. 1.20 pm North East News and Lookaround. 2.25 Raffles. 3.20 Heart to Heart. 3.50 Bailey's Bird. 5.15 You Can Make It. 6.00 Northern Life. 7.00 Emmerdale Farm. 11.30 Our People. 12.00 Epilogue.

ULSTER

10.15 am The Herbs. 10.25 Walking Westward. 10.50 Dave's Singalong. 11.15 Percy Thrower's Great Gardens of South. 11.40 Oscar. 11.55 The Sweet Sugar Doughnut. 1.20 pm Lunchtime. 2.00 Regions Report. 4.18 Ulster News. Headlines. 5.15 Cartoon. 5.20 Crossroads. 6.00 Good Evening Ulster. 7.00 Emmerdale Farm. 11.30 Bedtime.

WESTWARD

9.20 am Space 1999. 10.25 Walking Westward 10.50 Dave's Singalong. 11.15 Percy Thrower's Gardens of the South. 11.40 Oscar. 11.55 The Sweet Sugar Doughnut. 12.27 pm Gus Honeybun's Birthdays 1.20 Westward News Headlines 2.25 Raffles. 3.20 Heart to *Heart 3.50 You're Only Young Twice.* 5.15 Mr. and Mrs. 6.00 Westward Diary. 7.00 Treasure Hunt. 10.28 Westward Late News. 11.30 Our People. 12.00 Police Surgeon. 12.25 am Faith For Life. 12.30 West Country Weather and Shipping Forecast.

YORKSHIRE

9.30 am Friends of Man. 10.00 Oscar. 10.15 Tarzan. 11.10 Unknown Vatican. 11.35 Tell Me Why. 1.20 pm Calendar News. 2.25 Raffles. 3.20 Calendar Tuesday. 3.50 The Entertainers. 5.15 Doctor On The Go 6.00 Calendar (Emley Moor and Belmont editions). 7.00 Emmerdale Farm 11.30 Our People.

RADIO 1

(S) Stereophonic broadcast

5.00 am As Radio 2. 7.02 Dave Lee Travis. 9.00 Peter Powell. 11.31 Paul Burnett. 2.00 pm Tony Blackburn. 4.00 Andy Peebles. 5.30 Newsbeat. 5.45 Kid Jensen. 7.30 As Radio 2. 10.02 John Peel (S). 12.00-2.04 am As Radio 2.

RADIO 2

5.00 am News Summary. 5.02 David Allen (S) including 6.15 Pause for Thought. 7.32 Ray Moore (S) including 8.27 Racing Bulletin and 8.45 Pause for Thought. 10.02 Jimmy Young (S). 12.15 pm Waggoners' Walk. 12.30 Pete Murray's Open House (S) including 1.45 Sports Desk. 2.30 David Hamilton (S) including 2.45, 3.45 Sports Desk. 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.47 John Dunn (S) including 5.45 Sports Desk. 6.45 Sports Desk. 7.02 On The Third Beat (S). 7.30 Folk 79 (S). 8.02 Tuesday Night is Gala Night (S). 9.02 Ian Wallace presents Those Musical Years (S). 9.55 Sports Desk. 10.02 Laughter in the Air (2). 11.02 Brian Mathew presents Round Midnight including 12.00 News. 2.00-2.04 am News Summary.

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: Purcell (S). 10.00 Beethoven (S). 10.40 Song Recital, part 1 (S). 11.10 In Short (talk) 11.20 Song Recital, part 2 (S). 12.05 pm Cardiff Midday Prom, part 1 (S). 1.00 News. 1.05 The Arts Worldwide. 1.20 Cardiff Midday Prom, part 2 (S) 2.00 Music at St. George's, Bristol (S). 3.00 Quintet of Winds (S). 3.45 Stomp It On Down. 4.15 French Ballet Music (S). 5.15 Jazz Today (S) 5.45 Homeward Bound (S) 6.30 News 6.35 At Home (S) 7.30 BBC Scottish Symphony Orchestra, part 1 (S) 8.15 Talking About Vietnam. 8.35 BBC Scottish SO, part 2 (S) 9.30 The Price of an Eye. 10.10 Imrat Khan Plays Surbahar and Sitar. 11.00 Ravel (S). 11.55-12.00 News.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today, Magazine, including 6.45 Prayer for the Day. 7.00, 8.00 Today's News. 7.30, 8.30 News Headlines. 7.45 Thought for the Day. 8.45 I Can't Stay Long. 9.00 News. 9.05 Tuesday Call 10.00 News. 10.05 Local Time. 10.30 Daily Service. 10.45 Morning Story 11.00 Thirty-Minute Theatre (S) 11.30 Into The Hills. 11.45 Listen With Mother. 12.00 News. 12.02 pm You and Yours. 12.20 Desert Island Discs. 12.55 Weather, programme news. 1.00 The World At One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.05 Parliament in Profile. 3.35 Fame is the Spur (S). 4.35 Story Time. 5.00 News magazine. 5.50 Shipping forecast. 5.55 Weather: programme news. 6.00 News. 6.30 The 27-year Itch (S). 7.00 News 7.05 The Archers 7.20 *File On 4.* 8.00 *Dame* Ethel Smyth (a profile). 8.45 Natural Gas Galore. 9.30 Mr. Broucek Comes To Town. 9.59 Weather. 10.00 The World Tonight 10.30 You've Got To Be Joking (S). 11.00 A Book At Bedtime. 11.15 The Financial World Tonight. 11.30 Unforgettables. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 9.00 London Live. 12.03 pm Call In. 2.03 206 Showcase. 4.03 Home Run. 6.10 Look, Stop, Listen. 7.30 Black Londoners. 8.30 All That Jazz. 10.03 Late Night London. From 12.00—As Radio 2.

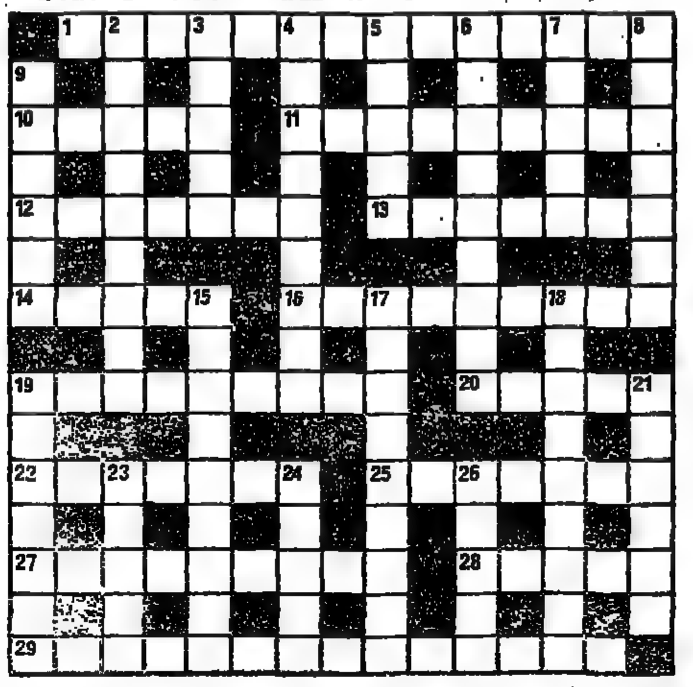
London Broadcasting

5.00 am Morning Music. 6.00 AM: News, Information, Travel, Sport. 10.00 Brian Hayes Show. 1.00 pm LBC Reports. 3.00 George Gale. 4.00 LBC Reports (continues). 8.00 After Eight. 9.00 Nightline. 1.00 am Night Extra.

Capital Radio

6.06 am Graham Dene's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Mike Allen (S). 3.00 pm Roger Scott (S). 7.00 London Today (S). 7.30 Adrian Love's Open Line (S). 9.00 Your Mother Wouldn't Like It with Nicky Horne (S). 11.00 Tony Myatt's Late Show (S) 2.00 am Duncan Johnson's Night Flight (S).

F.T. CROSSWORD PUZZLE No. 3,866



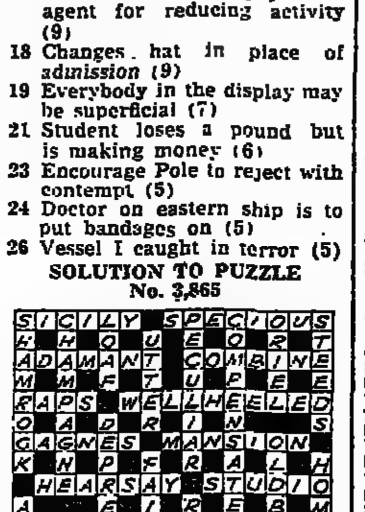
ACROSS

1 Somewhere, where bluebirds fly in song (4, 3, 7)
10 If, turning north a learner could be last (5)
11 Nocturnal person—or a bat? (5-4)
12 Way pointless pencil could provide many copies (7)
13 Frog family ran with unusual idea (7)
14 Note for medicine? (5)
16 Game that's wrong to make money on (9)
19 Cook put part back where water is released (5-4)
20 Tender fish (5)
22 Told positively when certain with first of details (7)
25 Former model could be an informant (7)
27 Washerwoman the French disrobe (9)
28 Row resulting from one in an organ (5)
29 Dumbfounded and marvels at deception before turning north-east (6-8)

DOWN

2 Retribution e.g. can even change (9)
3 Artefact hidden in barrel I concealed (5)
4 Steering device to cope with on river-mouth bank (9)
5 Boy mentioned at end of message is not at home (5)
6 Motive in canvas I take on (9)
7 Dazzle that could stop the view (5)
8 Bird, wily about leader of gunmen, gets on (7)
9 Compensate for the printing method (6)
15 University starting classes on radio village (9)
17 Some French newspapers or agent for reducing activity (9)
18 Changes hat in place of admission (9)
19 Everybody in the display may be superficial (7)
21 Student loses a pound but is making money (6)
23 Encourage Pole to reject with contempt (5)
24 Doctor on eastern ship is to put bandages on (5)
26 Vessel I caught in terror (5)

SOLUTION TO PUZZLE No. 3,865



ENTERTAINMENT GUIDE

OPERA & BALLET

THEATRES

CINEMAS

ART GALLERIES

CLUBS

هكذا من الأصل




Some pictures of the year—AKT by George Grosz, which was shown at the Dada and Surrealism Reviewed exhibition; Madame Matisse by Matisse, seen at "20th Century Portraits" at the National Portrait Gallery; and "Head of a Girl" by Lucian Freud. Also an advertisement for art covering a New York empty space

The visual arts in 1978

by WILLIAM PACKER

The last year has been unspectacular so far as the visual arts are concerned, if it is innovation that is required, for no new stars have appeared in our firmament, no signs or portents given to us of great things to come, no young lions to be found strolling calmly through the streets of the capital; which is not at all to say that the year has been lacking in interest or diversion. Quite the reverse in fact. But, looking back, it is now clear that the important and memorable things have been historical or consolidatory, sometimes indeed both together. In the wider sphere of 20th century study especially, we have been treated to a number of major expository shows, here and abroad, while with art that is actually current we have seen reputations confirmed rather than made.

With the art of the further past our breath has repeatedly been taken away by the sheer magnificence of it all, quite apart from the new insight that any particular exhibition might afford. A year that began with Courbet at the Royal Academy, splendidly and delightfully supplemented by Mr. Mellon's Rowlandsons, continued with Cézanne in Paris and Monet in New York, and finishes here with Moroni at the National Gallery, Lely at the National Portrait Gallery, Blake newly installed at the Tate, and, most remarkable and ravishing of all, the great Holbein exhibition at the Queen's Gallery, cannot in fairness be thought to be entirely bad.

Others, too, spring to mind: Giambologna in Edinburgh and London, the lithographs of Degas, Lautrec and their peers, and more recently the drawings of Reynolds and Gainsborough at the British Museum—and the list could well go on. All these shows I have seen, though it has not always fallen to me to cover them for you; but my distinguished colleagues, in the first place Denys Sutton, whose retirement from these pages is, I trust, not yet absolute, and now David Piper and Roy Strong, do rather more than supply any deficiency, and I am always happy, and often relieved, to defer to their scholarship.

I have not calculated the number of exhibitions I visited in the course of the year, but a safe guess would put it well above 200, enough probably for London alone. It is impossible to see everything worth seeing, let alone to write about it, and the choice of a subject is often made quite arbitrarily, the result of a chance visit, perhaps, or a lucky dip into competing priorities. Many of the omissions I deeply regret: Bob Law, after the mauling he had taken the year before, deserved proper notice of his retrospective at the Whitechapel, which made admirable sense of the extremes of subtlety and simplicity in his work: Dick Lee, too, should have drawn a wider public to Camden, to see the relief and collage notices he makes for the exhibitions of his friends' work, and to savour the amused and affectionate sharpness of the commentary thus made on style, preoccupation and physical idiosyncracy. I also wish now that I had made some comment on two shows at Browse and Darby, one the paintings of Anthony Eyton, and more recently the watercolours of John Selway and Norman Adams, Adams' work being especially beautiful and distinguished. Mea culpa.

At the age of 80 Henry Moore was the year's outstanding individual, and quite rightly so. He has been fêted around the world, his work installed by the Americans in the place of honour, an achievement in itself, commanding the entrance to the magnificent extension to the National Gallery in Washington. Yorkshire treated him to an excellent exhibition in Bradford; and in London his drawings and sculpture occupied a great deal of the Tate, Fischer put on an exquisite show of carvings, and at the Serpentine Gallery, and on the slopes of Kensington Gardens all around, the Arts Council set out a major, definitive statement on his life's work. Here we could see the work of a great artist in ideal circumstances, and although Mr. Growser and a few of his philistine friends felt bound to complain, and still rumble on, at last it seems from the general response that the public have grown used to, and thus to accept, Mr. Moore.

We are indeed privileged to have him among us, but not only him: for we have always produced significant and important artists, though ever reluctant to set them at their true worth. Much work has been done lately to make us look again at the art of the recent past, and this year it was Stanley Spencer's turn, with two small but important dealers' shows, at Anthony d'Offay and the Piccadilly, and the Tate bringing him into the light in its reorganised hang. Spencer is too little known abroad, and it is right, just as it is with Gwen John and Sickert and others, that policy should now incorporate him within the international collection.

Living artists, too, were duly celebrated. Moore apart, and d'Offay's small exhibition of Lucian Freud early in the year remains one of the most powerful in the memory. There is no better painter anywhere at the moment than Freud, at least that I know of, yet he remains, after a long career, but a coterie celebrity at home (not that he is likely to complain of that) and apparently little known abroad.

He did not do too well in New York, I understand; which is at once curious and not in the least surprising. To the English visitor New York can be extraordinarily exciting, for its art life is as concentrated and active as all its other lives, and taken as seriously. The galleries have even become part of the tourist round (which seems unlikely to happen here), crammed full at the weekend, especially down-town around West Broadway, in so-called Soho, where even on a wet Wednesday morning one is likely to find oneself caught up suddenly in a coach-load of blue-rinsed matrons. As the poster across the road from the Broome Street Bar so neatly puts it: we never knew Art could be so much fun. And yet, most oddly, though it seemed to be attracting little notice in the general hubbub, the best of the Art I saw during my two visits was predominantly British: John Walker, Bridget Riley, Alan Green, Anthony Caro, Richard Smith, Sean Scully, John Hilliard. A strong British presence is maintained, and yet, such is New Yorker parochialism, the forthcoming show of British Art at the Guggenheim will doubtless be received with some surprise. But New York and Art are most certainly fun, and I remember with gratitude the Monet at the Metropolitan, Matisse at the Museum of Modern Art, and Rothko and the Abstract Expressionists at the Guggenheim and the Whitney.

But back to London, and to the Hayward, where Frank Auerbach was another individual to stake a claim for consideration at the very highest level. His work is difficult and demanding, and the full retrospective was in consequence invaluable, making clear each development and shift of emphasis, and the very real power and authority that inform the work.

The Hayward indeed has drawn us to its ample bosom repeatedly throughout the year, though not always to quite the same effect. The Hayward Annual was as questionable, if not quite so actively controversial, as ever, but, as an egg, it was fairly kind to the Curate; and I am glad that the series seems now to be established. The Jasper Johns retrospective was fascinating and useful, but it raised many doubts about Johns' present position as an artist, confirming his precocious achievement, but indicating a sad falling off over the past dozen years or so. But the twin peaks of the Arts Council's year face each other across the 12 months, for 1978 came in with the bang of Dada and Surrealism, an exciting and ambitious enterprise that opened many eyes. In certain respects the organisers over-reached themselves, for opportunities were missed and ends left loose: but it was a brave and worthy effort, and a qualified success. And now we have the Neue Sachlichkeit exhibition, that moves into an area exposed then, and now succeeds by its very concentration. Our view of Otto Dix in particular will never be the same again.

There is much else that could, perhaps should, be said, but I shall end simply with a list of sorts. We saved the two Stubbs, thank goodness. Twentieth Century Portraits, at the National Portrait Gallery, brought together some marvellous things, including *Madame Matisse* from Leningrad. The National Gallery put the great Veronese, The Family of Darius, on display by itself, which was a memorable treat. The Poussin, an equal treasure, was destroyed and miraculously all but restored. Matisse at Marlborough, Bonnard at Lefevre and Seurat at David Carrit were all quite splendid. Mark Boyle carried our banner at Venice with great spirit. I look back with pleasure on the paintings of Allen Jones at the ICA, the attentions of the sisterhood notwithstanding; and I look back with respect on the work of Rodrigo Moynihan, shown most sympathetically by the Royal Academy. And there are Anthony Caro, Stephen Buckley, Martin Naylor, Barry Flanagan, Nick Monro, Michael Mayer, William Pye and Carel Visser; but I must stop.

We who live in this country, more particularly in London, are most fortunate in the quality of the art that is put before us, whether it is by the labour of the artists themselves, or by the assiduity and discrimination of dealers and curators. It is a fond hope, I know, but perhaps we might bring ourselves, in 1979, to give them all rather more of the support that they not only deserve, but desperately need.

Aachen

Königskinder

by ELIZABETH FORBES

Opera houses are as numerous as steel works along the Ruhr and in the general area of North Rhine and Westphalia; and unlike the steel works, they were all in full working order during the period between Christmas and New Year. Though the average music and theatre loving inhabitant of, say, Wuppertal would be unlikely to visit Dortmund or Bochum, content to see and hear the works provided by his own subscription series, a comprehensive network of trams and local trains, above and below ground, links the cities, so that the itinerant visitor can choose a centre, such as Dusseldorf or Essen, and visit a different opera house every night.

Gelsenkirchen yielded an imaginative production of Verdi's *Don Carlos*—the five-act version—by the young Swedish director Göran Järvefelt, whose ideas, even when they don't quite come off, are original and meaningful. His solution to the *auto-da-fé* scene, for instance, is highly ingenious, though not totally successful in performance. Hagen offered a brand new *Salome*, produced by Manfred Schnabel, that was notable for some splendid singing in the three main roles: Rose Wagemann is a Salome who can project every word of the Wilde/Lachmann text on a smooth vocal line; Hugh Beresford's Herod is equally clear in diction and powerful of tone; and Willi Nett makes a fervent Jokanaan whose prophecies ring with conviction.

At Duisburg, which shares the Deutsche Oper am Rhein with Düsseldorf, Puccini's *Turandot* (sung in Italian) was expertly conducted by Alberto Erede. In the title role Hana Janku, though indisposed, sounded impressively secure—and monumentally loud—in the Riddle scene; William Holley as Calaf sang with resonant tone if little subtlety; Rachel Yakar made a touching Liù, while the trio of Masks was excellent. Essen's very enjoyable *Gräfin Mariza*, newly produced by Birke Bruck and designed by Ekkehard Kröhn, provided the week's light entertainment. Kalman's operetta has a score second only to the same composer's *Czardasfürstin* for elegance and melody, and it was performed with infectious high spirits.

But Aachen undoubtedly won the prize for rarity value with Humperdinck's *Königskinder*. Even in Germany this opera, which had its premiere at the Metropolitan in 1910, is seldom revived. Every Christmas brings a spate of performances the world over of *Hänsel und Gretel*, but *Königskinder*, despite its fairy-tale elements, is not a piece for children. he text, by Ernst Rosmer (pseudonym for Elsa Bernstein Porges, for whose play Humperdinck earlier wrote incidental music), is permeated with a tragic irony very different from the determined cheerfulness of the bowdlerised version of the Brothers Grimm made by Adelheid Wette for *Hänsel*.

Aachen City Opera's recent production of *Königskinder*, staged by Wolfgang Bständig, emphasises the darker implications of the tale, especially in the middle act where the burghers of Hellastadt reject the Goose Girl and the Swineherd—the Royal Children of the title—and drive them out to die in the forest. Theo Lau's sets for the first and third acts, in a forest clearing outside the Witch's hut, show an affinity with the luxuriantly sinister imagination of German legend. Humperdinck's score, also luxuriant to the point of self-indulgence, adds to the Wagnerian complexities of *Hänsel* a Straussian palette of rich colours; but Humperdinck lacks the unerringly dramatic appositeness of Strauss, while comparison with the Hagen *Salome* unkindly exposes the weakness of Humperdinck's theatrical instinct.

Nevertheless, *Königskinder* has many fine moments, notably the duets for the Royal Children and the music for the Spielmann, a ministrel who is the first to recognise the Goose Girl's royal blood. The Aachen orchestra is in the respectable class; luscious violin solos and harp glissandi are adequately played, while the conductor, Peter Berne, balances stage and pit with the expertise of a juggler. Janis Orenstein makes a sympathetic Goose Girl and Richard Lindskog sings strongly as the King's Son/Swineherd. Ger King's Spielmann is an accomplished portrait while Jane Henschel does well as the Witch. As the Woodcutter and Broombinder who symbolise the narrow, provincial outlook of the burghers, Gustavo Halley and Jerrold van de Schaaf are unselfishly mean-spirited. The chorus gives enthusiastic support.

Round House hosts Royal Exchange Theatre

The Round House in Chalk Farm, London, will play host from February until July to the Royal Exchange Theatre Company of Manchester in a season of three productions already seen by Manchester audiences. The three shows are to be: Michael Hordern in *The Ordeal of Gilbert Pinfold*, adapted from Evelyn Waugh by Ronald Harwood (February 14-March 17); Edward Fox in T. S. Eliot's *The Family Reunion* (April 18-May 12); and Vanessa Redgrave in Ibsen's *The Lady From The Sea* (May 16-July 7).

This exciting venture, which will showcase one of the nation's leading repertory companies, coincides with major structural alterations made at the Round House in order to improve facilities, acoustics and the entire shape of the auditorium.

The new Round House has been made possible by the tenacity of its artistic director, Thelma Holt, as well as by important contributions from the GLC, various charities and the design of Richard Negri, who is also responsible for the acclaimed Royal Exchange Company Theatre in Manchester.

The Royal Exchange Company's Manchester operation will in no way be impaired by this London season which will hopefully pave the way for visits to the capital from other leading regional companies.

Season tickets for all three Round House productions will be available and the season is to be supported by the National Westminster Bank as well as by the Arts Council, Camden Council and the GLC.

Wigmore Hall

Felicity Palmer

by DAVID MURRAY

The programme that Miss Palmer sang with John Constable at the piano on Sunday night was attractive as could be, and enterprising too—Brahms is featured at the Wigmore this season, and Miss Palmer offered six mostly unfamiliar songs of his. "Lerchengesang" and "Abenddämmerung" floated beautifully on her warm *mezzo-piano* (though Constable's dry, clipped touch in the latter song was hardly Brahmsian). The voice is large—in full cry sometimes uncomfortably large for this hall, and certainly too large for her opening Mozart group. The comedy of little Luise burning letters became an epic fury. The soprano's piercing top register, too hard for a Brahms spring-song, gave an unholy menace to Mendelssohn's "Hexenlied"; the fleetness and delicacy of which she is capable were happily displayed in the rest of her Mendelssohn group, which Constable's neat fingers kept bright and crisp.

By the second half of the recital Miss Palmer was scaling her generous instrument more judiciously to the circumstances. If Britten's *Canticle I* sounds curiously sexless with a soprano, it was delivered with cool conviction. Her sympathies were fully engaged, however, by Fauré and Satie. The elegant mockery of Fauré's "Mandoline" was exactly hit off, and unusually full-blooded accounts of "Les Berceaux," all passionate yearning, and "La Rose" revealed the intensity that Fauré's seemingly mild idiom permits. Only "Fleur jetée" pressed the limits of the style too forcibly: it became a desperate *scena*, which the composer cannot have intended.

Satie's *Trois Mélodies* of 1916 have only recently been welcomed into the repertoire, and they proved to suit Miss Palmer and Constable to perfection. They have an English humour, despite Satie's nearly untranslatable French texts, and here the comic bemusement was delectably wedded to a flawless sense of phrase-length and weight. Miss Palmer took a proper cabaret licence with "La Diva de l'Empire," not only funny but rather touching: Satie would have been ravished. One had the strong impression that she would like to exploit this vein further (she indulged it blatantly in an encore, Poulenc's "Violons," where the jokes were written into the music are sufficient to carry it). A still stronger general impression was that Miss Palmer is looking toward larger stages — the breadth of her effects, which are always intelligent and deliberate, suggests as much — and that the recital-platform is not these days her natural arena.

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Strikes and the law

FOR THE third time in a decade, public impatience with the disruption and inflation caused by strikes is pushing the country's politicians towards an attempt to change the rules. Mrs. Thatcher, in trying to harden her own party's line on this question, used the time-honoured formula whenever public opinion is making embarrassing demands on policy: she put forward some tentative proposals, and called for a Great Debate.

Experiences

Sensible proposals are likely to emerge only if the debate is cool and rational. This will not be easy to achieve. Both parties have been so frightened by their experiences of previous attempts to challenge trade union rights that except at times of crisis, they are reluctant to discuss the subject at all. The ideas which emerge under the pressure of crisis are not likely to be carefully considered. For example, Mrs. Thatcher's proposal that short-term social security benefits should be taxed is obviously sensible in principle—so much so that it was legislated in 1948, and has been repeatedly considered by later Governments, including the present one. However, it appears to be near-impossible administratively under the present PAYE system. It is unlikely to be enacted.

The starting point for constructive proposals must clearly be an analysis of the problem. This is normally presented at the moment as one of a balance of power and of economic cost between employers and unions or labour. Employers cannot afford to resist strikes, employees lose little by them, and so the economy is prey to any union willing to exploit a monopoly position or to any ill-disciplined group of militants.

However, this view is surely very superficial. It presents the unions as irresistibly strong at the bargaining table, but too weak to control their members—incompatible views which simply overstate the extremes of the problems experienced in real life. Most unions are to some extent responsible and to some extent cohesive. The aim should be to improve performance in both respects.

The other popular generalisation is that the problem is one of strikes—a view which leads to proposals to attack strikers economically. This is again misleading. The problem is one which at the moment expresses itself in terms of strikes; but if penalties were heaped on strikers, any experienced shop steward knows a dozen other ways to cause expensive disruption.

What may be nearer the truth, in some cases at any rate, is that militants, working through mass meetings, can push workers further than they really wish to go. The encouragement of secret ballots could well be helpful: but it is certainly not a panacea.

There remain two problems which are not so widely discussed, but which are in different ways central to our present discontents. The first is the speed and effectiveness of existing union organisation and disputes procedure. The second, and very different problem, is the growing tendency of militants in the last decade to try to ensure that every dispute causes the maximum damage to the public in general rather than simply to their employers.

The British tendency to strike first and negotiate afterwards, and the general prevalence of unofficial action of all kinds, is quite largely the result of slow and cumbersome union organisation, and inappropriate union structure. The dream of structural reform has persisted so long, and been so comprehensively disappointed, that it is hard to feel much enthusiasm for it at this stage.

Slow process

However, it is still worth putting more effort into what is inevitably a slow process. Official encouragement and perhaps financial assistance for union rationalisation could be the benign side. It might be worth forcing some issues—such as the persistence of two rival unions on the railways—to the point of confrontation in the public sector. Finally, if any welfare sanctions are to be imposed against strikers, they might be imposed on breaches of procedure rather than on official disputes, thus strengthening the hand of the leadership and creating pressure for procedural reform.

If there is to be any outright confrontation, it should be on a narrow issue; and here picketing against the public at large — a practice confined mainly to a minority of militants — is unpopular, damaging and relatively easy to define. However, the object should not be general confrontation, but reform.

Aggression in Indo-China

VIETNAMESE TROOPS in their invasion of Cambodia have now pushed westwards of the capital Phnom Penh which they captured on Sunday and soon seem likely to be in effective control of the whole country. Almost certainly there will be continuing resistance from pockets of Khmer Rouge troops but it looks increasingly unlikely that the regime of Premier Pol Pot has the strength to mount a sustained guerilla campaign against the Vietnamese which had seemed to be the strategy they had worked out with the support of China. The swiftness of the Vietnamese advance and the unexpectedly sudden collapse of the Pol Pot regime have surprised Western observers as they have clearly surprised the Chinese.

Overthrow

As in 1975 with the takeover of South Vietnam, Hanoi has demonstrated that it has a remarkably efficient military machine and is ruthless in using it. Once the Vietnamese leadership had decided that Pol Pot's Cambodia was an irritant that had to be eliminated, they planned its overthrow with meticulous care. There can be no pretence that the invasion was carried out by a liberation force of dissident Cambodians. It was an act of aggression against a neighbouring country that is not mitigated by Pol Pot's regime being probably the nastiest in the world.

Vietnam's new demonstration of power is bound to cause alarm throughout South East Asia. The country most seriously affected is Thailand which now faces the prospect of a powerful, potentially hostile Vietnam on its borders and a further influx of refugees from this new Indo-china conflict.

The immediate dilemma before the Thai leadership is whether to accept the new Cambodian government as an unpleasant fait accompli or whether to encourage resistance to it including letting China transmit supplies to Khmer Rouge guerrillas through Thailand. The policy of General Kriangsak Chamanan, the Thai leader, has been to seek improved relations with Vietnam and he is likely to continue with this. But he could run into strong opposition from other generals arguing that Thailand would be next in line for Vietnamese encroachment unless a tough stance is taken now.

Less immediately affected, the other members of the Association of South East Asian states (ASEAN) will now nonetheless treat Vietnam with increasing suspicion and be less disposed to enlarging trade and diplomatic exchanges. They will not forget in a hurry that Prime Minister Pham Van Dong's professions of peace and friendship during his recent tour of the ASEAN countries were followed first by the Treaty with Russia and then by the invasion of Cambodia.

There seems no immediate danger that the Vietnam-Cambodia conflict will spill over into a larger war. China, Russia and the United States have no wish to get involved in another costly morass in South-East Asia. With the fall of Pol Pot's regime the Chinese have received a serious blow to their prestige in the region—only partially offset by satisfaction of being able to claim that they were right in branding Vietnam as an aggressor nation. The Russians seem content with the feather in their cap that Vietnam's success has brought and with their new foothold in South-East Asia.

Aid

It would be wrong to regard the attack on Cambodia as Russian inspired though Vietnam would have had more difficulty in carrying it out without the protection of a treaty of Friendship with Russia. But the Russians would like a naval base at Cam Ranh Bay and any Vietnamese concessions on this—or indeed further border conflicts—could revive great power rivalry in the region.

The new Kampuchea National Front, now nominally in control of Phnom Penh, is likely to receive diplomatic recognition from most Western states once it has fully established its power in the country. More problematic is whether Western nations and Japan should cut back their aid to Vietnam as a protest against the invasion. There is a strong moral argument for doing so. But it also risks pushing Vietnam further into the arms of the Russians.

BA'S REVOLUTIONARY STRATEGY FOR THE 1980's

BY MICHAEL DONNE

British Airways takes to the open skies

OVER THE past few weeks, British Airways has initiated a series of developments, such as new aircraft orders and cuts in air fares, which collectively represent the start of a revolution that will radically change the character of the airline in 1980s.

Called its "Open Skies" policy, this is the airline's bid to reshape itself to meet the era of mass travel that lies ahead. Last year 673m passengers flew on scheduled services run by the airlines of 143 countries in the International Civil Aviation Organisation, including the Soviet Union. This figure is expected to rise by an average 8 per cent or so a year through the 1980s. Basically, BA is aiming for expansion that, by 1986, will see it carrying about 27m passengers a year, against the present 16.3m, and handling some 400,000 tonnes of cargo, against the present 190,000 tonnes.

The key to much of this expansion will be cheaper fares. It will be carrying most of this traffic at very cheap rates, perhaps as much as 40 per cent less than present rates on short-haul routes, and possibly even cheaper on long-haul routes.

Aggressive approach

But this expansion will also depend on major developments in many other areas—such as new equipment, improving punctuality and quality of service, starting new routes, and improving the overall quality of marketing, and trying to raise the level of staff productivity.

From now on, therefore, the airline is likely to be much more aggressive in all aspects of its operations. Recently, Mr. Gerry Draper, director of commercial operations, said that initial plans for 1979 included new routes to Seoul in Korea, and perhaps also to Peking. The airline resumes Concorde flights to Singapore on January 24, in partnership with Singapore Airlines, and starts subsonic flights with Concorde to Dallas/Fort Worth along with Braniff on January 12. New cheap fares to Australia start on February 1, while more cheap fares to Europe are being introduced steadily.

Bluntly British Airways' view is that times are changing fast, and the airline has to change with them in order to survive. As Mr. Draper says: "The days of government protection are numbered, if not over. We must face up to the fact that we shall have to be ready to meet the world of fierce and free competition, where only the most efficient airlines will survive. Our aim is to carry twice as many passengers, cargo and mail in 1986, but with no increase in today's manpower and resources costs, in order to be competitive."

The airline's thinking along these lines began last spring, when it set up a small Strategic Steering Group to evolve a policy for the 1980s. Headed by Mr. Roy Watts, director of finance and planning, it has worked all summer and into the autumn, and is now beginning to put its ideas into practice. The group based its studies on what the airline would have to be like in 1986, simply because that is the year by which all its older, noisy jets will have to have been phased out by law, and a new fleet put into service. It also happens to be a convenient point in the mid-1980s when some current trends, such as rises in fuel costs and other items, and the effects of cheaper fares, should be seen more clearly.

The group's conclusions make interesting reading. According to Mr. Watts, by 1986 world trade as a whole will be close to double today's levels, but Britain's economic growth will still be low, at about 2½ per cent a year. Costs all round will have risen, especially fuel costs, but in the UK, such things as discretionary income will be higher, holiday entitlements will have increased, there will be a shorter working week, and annual "second holidays" will be more frequent.

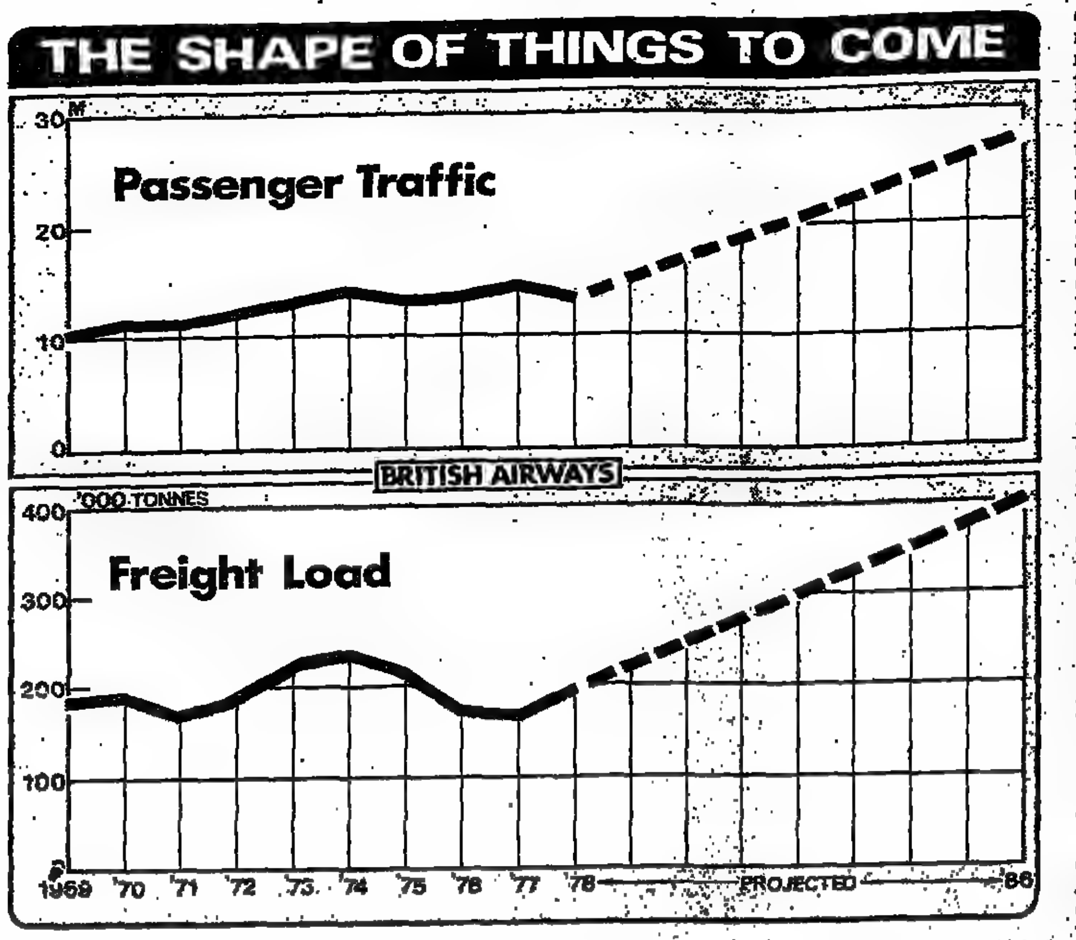
All this should be creating a demand for air travel, especially at the lower-income end of the scale. In Britain, the airline foresees package holidays doubling from 3m to 6m a year, with one in nine of the population taking such a holiday, against one in 18 at present.

Expansion of business travel will be less marked. In the UK air travel will be facing more competition from high-speed trains, and there will be more hovercraft and hydrofoil services across the Channel—and there may even be a Channel Tunnel. There will be more executive aircraft, and the growth in advanced TV communications systems will be dramatic. All this indicates that businessmen may not be travelling quite so frequently by airline.

The impact of these developments on the airline is that while there will undoubtedly be more passengers than at present, a much higher proportion of them will be leisure travellers, which in turn implies that in order to stimulate such traffic, fares will have to come down steeply. But, at the same time, competition will have increased formidably.

"It possibly won't be a very comfortable environment," says Mr. Watts, "but it will be a very healthy one, and I think it will be good for the industry as a whole. In general, the going rate for any given journey will be the rate that the most efficient carrier in the market can afford to charge, and there will be very little to stop him charging it. . . . The efficient, the adventurous and the imaginative will have things very much their own way.

"The tariff for the low-fare market will be determined by the costs of the most efficient operation, so that fares could come down on short hauls by as much as 40 per cent, and on long hauls perhaps by as much as one-quarter. As a direct result of low fares and free competition, the passenger market will be very nearly double what it is now, having grown by about 8 per cent a year." He believes that the cargo market under the stimulus of the same competitive forces will have expanded even faster.



But, the passenger market will be sharply divided. While the business traveller will remain important to BA, he will represent only about 20 per cent of total traffic compared with about 50 per cent now—but, as today, he will be looking for high-quality, high-frequency service, with readily available seats at a relatively high fare.

The majority of passengers, however, will be leisure travellers, ready to accept a limited choice of flights, with simple seating and meals service, and very basic ground facilities, provided the fare is cheap enough to enable them to make journeys they might otherwise not have contemplated.

In BA's view, the bulk of this low-fare traffic will come on the long-haul routes, largely because this is where most people appear to want cheap fares, and also partly because the long-haul routes will be free from land or sea competition. As a result, BA foresees long-haul traffic perhaps doubling by 1986, with the growth in short-haul routes much lower, at about 72 per cent.

These developments will bring their own problems. Fuel costs are bound to rise. Airports will come under increasing strain, and there will have to be major steps to speed the flows of passengers and cargo through terminal buildings. Air traffic control will need to be improved to cope with the increased numbers of aircraft, while the tourist "infrastructure," such as hotels and ground transport, will have to be improved. There could be a serious shortage of skilled labour in all these fields, making it more difficult to achieve the improvements that the mass travel era will require.

This is only a brief scenario of the future as seen through British Airways' eyes. What is it doing to meet this challenge?

First, it is now closely studying its costs, to see where and how it can get them down. This is crucial, because with the enormous increase in passengers, the overall yield—that is, the amount of cash the airline gets from carrying a passenger for a given distance—will itself drop sharply because of cheaper fares. Thus, by 1986, the airline can see its short-haul yield cut by 42 per cent, even though it will be carrying 20m short-haul passengers against today's 12m. On long-hauls, its yield will be down by 28 per cent, although its traffic in this area will be up from the present 4.3m to perhaps 7m.

Mr. Ross Stainton, chief executive of the airline, says that "it is clear the airline is going to have to bring in some equally dramatic reductions in its costs simply to stay where it is."

These, it hopes to achieve in several ways—such as more flexible seating layouts in its aircraft to take advantage of seasonal changes in demand; a better utilisation of the more modern aircraft fleet; better fuel savings through improved equipment; and improved staff productivity.

Cutting fares to Europe

Of them all, the last could prove to be the most difficult to achieve. BA wants to fulfil its plans without getting rid of any personnel—but it does not want to take on any more, either, beyond its present 54,000. This past year, it introduced an internal stimulus to staff productivity called "Quality and Reliability Plan" or QUARP, aimed at improving all manner of things, from maintenance to punctuality, baggage handling and reliability. It began well, and up to the summer peak, there were signs of an improvement throughout the airline. But subsequently, quality tailed off again, and Mr. Draper himself admitted recently that "standards were not maintained." Some areas remain notoriously bad, such as baggage handling in Terminal Three at Heathrow, and even passenger handling in the densely populated Terminal One is frequently poor.

As for fares, the airline has begun to make inroads into the currently high levels of European fares, with its recent cuts of up to 40 per cent on several major routes. But these do not go far enough to satisfy the critics who rightly argue that it can still cost more to fly to Athens or Istanbul than to New York. The cheap fares now introduced are all off-peak or "advanced purchase" in nature, and while they genuinely bring down the cost of travel for many people, they do not go far enough to stimulate the breakthrough that many European air travellers want to see.

British Airways, and other European carriers, repeatedly stress that costs in Europe are much higher than on long-haul routes, because of the greater number of landings and take-offs, which push up fuel bills and landing fees, as well as en route navigation and other charges. But the airlines, including BA, are not — in many passengers' minds — doing enough to reduce fares quickly, and it may well be that the European air fares scene needs the stimulus of an Alfred Kahn (former chairman of the Civil Aeronautics Board) or a Sir Freddie Laker to achieve swifter action.

On long-haul routes, the cheaper fares to Australia are already being sold and are experiencing heavy demand. On the North Atlantic, the "three-class" concept of service — first, club and discount—according to the level of fare paid, seems to be working well with BA, and it may be introduced on other long-haul routes, such as the Far East. If next summer's results prove better than this year's, BA may well decide to separate the three classes into different aircraft—a revolutionary concept that could have a far-reaching impact on all transatlantic travel.

Finally, progress on revitalising the fleet is already under way. The airline has ordered 28 Boeing 737 short-haul jets, worth £160m, and 19 Boeing 757s, worth £400m. It is planning to spend another £500m on raising its 747 Jumbo fleet from 27 to 41, and its TriStar fleet from 15 to 24, all by 1984, with further expansion thereafter. Eventually, there may be a 600-seat Jumbo, which the airline has said it would be interested in buying.

Fleet numbers will not change much, remaining at about 200 aircraft, but because so many of these will be wide-bodied, the total passenger-carrying capacity will be up by about 70 per cent. The route structure will not change much, either, but some new points will be added — Seoul, Peking (perhaps with Concorde), Seattle and Western Canada, with perhaps also Manila and Djakarta.

As Mr. Draper summarises it: "Success in a free market is not dependent on any super-human skills, but is simply a matter of ensuring our company is customer-responsive, and fast enough on its feet to keep pace with changing needs."

MEN AND MATTERS

Old types, new faces

"In a private company, age and mortality take their toll on the family shareholders," says Rowland Bottomley. With the old and famous name of printers Percy Lund Humphries to safeguard, it has been a question of looking out for just the right bid. "You see, I'm a mere 62. But the chairman, Tony Bell, is 67."

The hoped-for combination of youth and enthusiasm arrived, he says, in the form of Tangent Industries, a London and Manchester-based printing and bookbinding company run and owned by two brothers in their early 30s, with £801,000 to spend.

With a combined turnover forecast at £10m and profits of £750,000 in the first full year of trading, it can only be a question of time before Tangent, founded in 1967, goes public. It is now one of the largest print firms, and also one of the larger private companies in the country.

As if picked by a head-hunting firm, the Green brothers, Michael and David, ensconced in a smart mews off the Bayswater Road, appear to be Bottomley's ideal brew of youth and go-gettery.

It had been a good year for printers, Michael Green told me brightly. There had been a drift back to British firms, partly because the Deutschemark made Germany too expensive, partly because Britain offered a technically superior service. "The reproduction side is often done abroad," he concedes, "but the printing is done here. That is where the bulk of the work is — putting ink on paper.

"A lot of mail order catalogues go abroad, but that's done mainly in gravure. The margins on gravure are very small."

And would he himself recognise a bucketful of full stops? I ventured. "I had a short apprenticeship," said Green, "somewhere in Hampstead . . . I would say we have learned a lot, empirically. Is that the right word?"

Happening here:

A colleague was queuing for petrol yesterday. When he reached the pump, he was told that two gallons was the maximum. As he expressed dismay, the attendant looked thoughtful, then observed, "But I am corruptible."

It is reassuring to know that enough morality lingers on for us still to recognise corruption when we practise it.

Blithe spirit

Just at this moment, with the TGWU haulage drivers trying to starve us into submission, Moss Evans may not be everyone's ideal as general secretary of our biggest union. If it is any consolation, he would do worse as Poet Laureate.

In the latest issue of The Record, monthly journal of the TGWU, there is a debate in verse between Evans and Mairi Fitton, a clerk in the union's offices in Salford. She complains that whereas 20 per cent is the target for TGWU members outside, 8 per cent is what the union's own employees are getting.

Replying in a string of somewhat desperate couplets, Evans plays up the fringe benefits. A sample of his flights of poesy:

"Pay settled at 0, and 5, per cent,
Grading to regions was honestly sent,
Paternity leave—one week—was given clear
And two extra days bring five weeks' holiday near."

Evans no doubt hopes his employees will be charmed into submission by this unlikely artistic excursion.

Faced with that, I must confess that we are better off with Betjeman.

Nothing to add

The gentlemanly way of letting bygones be bygones was displayed to perfection yesterday at the adjourned annual meeting of Somportex, the food distributors. Chairman Stephen Fenlaugh was warmly thanked by shareholders—and so were the retiring auditors.

That may seem unremarkable, since chairmen and auditors are being thanked almost daily at AGMs across the country. But in Somportex's case, the AGM had been adjourned as regards the approval of accounts and the appointment of auditors. After the original accounts were sent to shareholders, errors were discovered.

It seems that the auditors, Rothenburg Noble and Co., understated deferred taxation by more than £21,000 when consolidated accounts were prepared. Also, a creditor's invoice of more than £79,000 was not included in the audited accounts.

With the revised figure in their hands, shareholders seemed satisfied. There was no address from the chair, then resolutions accepting the accounts and appointing new auditors were passed unanimously.

After thanks all round, it was over in less than 10 minutes: "I was not surprised by the lack of questions," said Fenlaugh later. "There was nothing left to ask. The revised accounts contain a very full explanation, and include conclusions from the report by investigating accountants, Robson Rhodes.

"Lightning does not strike in the same place twice. But if it should, we have more lightning conductors in place now."

Delicate deal

Callaghan may have been jumpy about Harriers, but he can only smile over an order that helps China market one of her most ancient skills. Neil and Spencer of Leatherhead have received an order worth more than £600,000 for equipment to process delicate hand-woven embroidery.

The embroidery is done all over China by out-workers and centralised for export. Such embroidery is one of the country's main foreign currency earners.

Before the machinery offered by the Leatherhead firm, which specialises in laundry equipment, was accepted, the Chinese made long and careful tests in Hong Kong.

The deal has been done through a Hong Kong consortium on a barter basis. In return for the British equipment, the consortium will receive—embroidery.

Rate for the job

Just before the big thaw, a friend in Sussex answered a knock at her front door and found there two small boys; they offered to clear the snow from her front path for 20p. "All right," she agreed.

Ten minutes later, one of the boys knocked again, said the job was done—and demanded 30p. "But we agreed on 20p," she protested. "That's right," admitted the boy. "But just as we were starting, my other brother came along."

Observer

CHANGING CONDITIONS FOR THE HONG KONG GIANTS

By IAN HARGREAVES, Shipping Correspondent

The shrewd mandarins of world shipping

THE HONG KONG Government each year publishes a review of its affairs. The 1978 edition runs to 281 pages. It describes, in considerable detail, everything from the British Crown Colony's stock exchanges to its policy on Vietnamese refugees.

It does not, however, even mention Hong Kong's 300 shipowners who between them are estimated to own 37m dwt of vessels—a healthy 6 per cent of the world fleet, making Hong Kong probably the sixth largest shipowning centre in the world.

Moreover, this ranking is in the process of rising further because at a time when major fleets in Europe—notably those of the UK, Norway and Sweden—are shrinking, the Hong Kong owners have been buying ships. Since July, according to Lambert Brothers, shipbrokers, they have committed $250m for the purchase of 0.8m dwt of new ships in addition to snapping up at bargain prices, mainly from hard-pressed European countries, 72 vessels of 5m dwt at a cost of around $265m.

These figures, of course, do not come from the Hong Kong Government, which when asked to fill the information gap in its own review replies that it does not monitor the activities of its shipowners. Most of the information is a result of estimates made by private researchers.

This attitude is typical of the Hong Kong Government's laissez faire industrial policy, which is reinforced in the case of shipping by the fact that on international policy matters, Hong Kong's interests are represented by UK Government departments. It would be difficult for the colonial government, in any case, to interfere with an industry whose offshore structure makes it virtually tax free. Combined with Hong Kong's geographical advantages—at the gateway to the growing trading area of the Far East, to say nothing of its proximity to a China just starting to emerge as an international trading force—the governmental framework makes it an ideal shipping base.

Only one incident in recent times has caused some Hong Kong shipowners to regret the constitutional position. That was in the early 1970s, when Hong Kong's biggest shipping organisation, the Worldwide group, led a campaign to establish an independent Hong Kong shipping registry or flag.

A British ship

As things stand, a Hong Kong registered ship is a British ship and has to meet all Department of Trade requirements about the British nationality of officers. Worldwide wanted a separate flag which would have preserved the Hong Kong-owned fleet from attacks by the International Transport Workers Federation (ITF) during its long-drawn-out warfare against flags of convenience. But not surprisingly the UK shipping industry reacted strongly against the establishment of a respectable independent flag which, because of cheaper crew costs and a different approach to taxation, would have allowed British flag costs to be severely undercut.

The failure of this initiative has meant that Hong Kong owners rely almost entirely upon the flag of Liberia and hope they can keep their heads below the parapet when the ITF starts shooting.

The latest spate of buying, which has been accompanied by an even more prolific burst of fleet expansion from China—which buys its ships through Hong Kong agencies—is the first significant growth by the colony's industry since 1974, when recession put an end to the explosive enlargement of its shipping relationship with Japan.

The previous decade had seen the mushrooming of the Hong Kong industry from almost nothing. It was based upon the renowned Shukumisen (literally "switch-back") concept, whereby Japanese shipping companies used the Hong Kong owners to build and own ships for exclusive use by the Japanese company. The Hong Kong owner was able to offer crew and operating costs 30 per cent below those of Japan-flagged vessels and finance for what was seen as the cast iron security of a long-term charter. Around 25m dwt of ships were built in Japan for Hong Kong account as a result.

For the Hong Kong owner, the system was guaranteed to provide steady fleet growth with returns unglamorous in a spot market tanker boom but dependable in a slump. On the strength of the relationship Worldwide Shipping, owned and headed by Sir Yue Kong Pao, a former banker, has become the biggest independent shipping enterprise in the world with 171 ships totalling 17.6m dwt.

Mr. C. Y. Tung's Island Navigation is the second largest Hong Kong shipping concern with 118 ships and Mr. T. Y. Chao's Wah Kwong group has 58 ships totalling 3.5m dwt. Between them these three owners account for three-quarters of the Hong Kong fleet. In 1949 all the men who founded these companies were ship-less exiles from Shanghai.

But last April, there were gasps of horror in the Hong Kong stock exchanges—each of the major owners has a portion of his activities vested in public companies—when the mighty Japan Line announced that it was seeking deferment of debts totalling 29.8bn Yen ($134m). Thirty-six per cent of Japan Line's fleet, at that time, was owned by Worldwide.

Much remains unknown about the settlement of the Japan Line affair and on precisely what terms the Industrial Bank of Japan and other creditors agreed to keep the company afloat. Worldwide say simply that the charter terms it had with Japan Line, backed by secondary guarantees in the Japanese banks for all vessels, provided total protection for the group.

Mr. C. Y. Tung of Island Navigation: breaking new ground

Hong Kong shipping circles are still, nonetheless, alive with speculation about the size of the financial dent made in Sir Yue Kong Pao's fortune by the incident. Yet Worldwide does not appear to be having any difficulty raising the cash for its current, rapid expansion.

Whatever the details of the Japan Line settlement, Hong Kong owners are clear that there is no more growth for them via Japan for at least another three years, when Japan may start to recover from its shipping overcapacity. There are also doubts that Shikumisen will flourish again beyond the recession, given that in recent months the Japanese have started to operate their own offshore flag of convenience companies, much to the annoyance of the Japanese seamen's union. About 9 per cent of the Liberian registry, representing 18m dwt, is beneficially owned by Japanese companies, according to a recent United Nations report.

The impact of these changes has been sudden. Only 50 per cent of the interests of Worldwide and Wah Kwong, for example, are now Japan-linked, compared with over 80 per cent a few years ago.

Part of the shift in balance has been the straightforward re-letting of Japanese tanker tonnage to American oil companies as ships have come off charter. Worldwide says that in spite of the tanker recession, it is still securing longer term rates — usually two to three years under present conditions—which will ensure continued profitability of all its vessels. Worldwide has also built on its relationships in South America, recently concluding a deal in Brazil to build a ship in a Brazilian shipyard for charter to Brazilian interests, very much in the Shikumisen style.

In Europe, it has been a case of buying tonnage from distressed Scandinavian, British, German and Dutch tanker and bulk carrier owners, desperate to relieve their liquidity problems.

Some deals have involved charter-back provisions — whereby the European company draws down the capital, switches the ownership and flag of the ship but continues to operate it himself on an existing time-charter. Others have been straight sales, but all the companies insist that with true Hong Kong caution, they have found timecharters for the vessels before agreeing to buy. They are, again as usual, contenting themselves with minimal operating profits on the calculation that when secondhand ship values rise as the recession ends during the 1980s they will make handsome capital gains.

The key to the operation, whether it involves Japan, Europe or America, is control of costs as the only risks being taken by the owner are those of inflation and currency fluctuations. In the last five years, this has been no mean problem. Costs have been controlled, partly by advantages in manning, including its low cost but also through a number of other factors. The typical Hong Kong ship still carries British officers and Hong Kong Chinese crew, which is a combination cheap by North European standards, but becoming less competitive compared with other groups. Worldwide has not hesitated to man entire ships with Koreans to offset this difficulty.

The owners also have advantages in that their Chinese or Korean crews serve for whole year periods of duty, rather than the three to four months typical in Europe. This results in direct savings and increased efficiency. Chinese crews are also, unlike some Europeans, prepared to do extensive in-voyage maintenance work.

A more conventional business advantage on the manning side is the restriction of overheads and shore staff. Worldwide, with 3,000 seagoing employees and 200 companies has just 350 shore staff—one sixth the level of an equivalent Japanese operation, it believes.

The youth of the fleet—average age eight years—combined with a good safety record and a buyer's market in marine insurance has helped in the last four years to hold down insurance premiums, which can be higher than crewing costs on a big tanker.

Opinions vary about the net advantage resulting from this combination of circumstances. Worldwide says it can operate on average at 20 per cent below European costs; Wah Kwong puts costs at 70 per cent for the smallest ships but almost identical to European costs for the largest. Jardine Matheson, one of several substantial European-owned shipping ventures based in Hong Kong, says that for identical ships under British and convenience flags the difference can be as little as 5 per cent.

Certainly, in present conditions, the edge on operating costs and liquidity over European owners is decisive. But this supremacy has not freed the Hong Kong owners or the banking world of all anxiety.

Some bankers argue that Hong Kong owners have a far too high debt-equity ratio to be a good risk, particularly as they are now expanding outside the sheltered world of the Shikumisen, where operating skills were provided by the Japanese.

There is also a school of thought which says that these owners will now inevitably be propelled towards the higher risk, speculative form of shipping investment associated with the Greeks, who have traditionally played the spot markets for all they are worth as well as undertaking long-term charters. This requires a degree of financial and operational lightfootedness and perhaps bravado not characteristic of Hong Kong.

If the Hong Kongese do change their style, it could mean participation in joint ventures, sharing cargo flows with other lines, heavier backing from banks and a degree of financial disclosure not so far required by financial backers. Fleets would have to be cross-mortgaged and banks would want additional rewards, perhaps involving equity participation and a cut of any capital appreciation windfall.

It is hard to judge how justified these fears are. In one important case, the ground has already been broken with the creation of C. Y. Tung's Orient Overseas Container Line, but Frank Chao, president of Wah Kwong, is adamant that his company's three container ships will remain a sideline compared with the Hong Kong industry's staple diet of tankers and bulk carriers.

He does not, however, rule out the possibility that one day Wah Kwong will build on spec. But William Li, governing director of Worldwide, foresees no change in the traditional approach.

"If we must change our principles in order to expand, then we must ask what is the point of getting bigger. Risking yourself for the sake of expansion—this is the way to get smaller." Aristotle Onassis would never have said that.

Letters to the Editor

A chaotic mess

From the Chairman, Healds Dairies

Sir,—You report (January 4) some of Mr. James Prior's comments on the possibility of trade union reform. He can have no idea how far management in many organisations have lost control because of the unregulated power of trade union officials and bloody minded militant shop stewards.

Millions of people work very hard, honestly and conscientiously, and they cannot understand why they should continue to do so while such a small minority cause widespread misery and difficulty.

Everyone working for this company has helped to maintain milk processing over the Christmas holiday, as has been done for over 60 years. In the last few days we have had appalling weather but the service has been continued, albeit with great difficulty. Over a hundred electric delivery vehicles had to be towed home, with all the extra work and upset timetables which this means. Part of the difficulty was the result of an overtime ban by local authority employees most of whom, unlike our people, had Christmas off. Today we are short of fuel oil because of an unofficial tanker drivers' strike.

Mr. Prior plainly does not understand what a chaotic mess we are in. He is mistaken if he thinks that sweet reason alone is going to improve the black spots in industrial relations. Listening to Mr. Prior prompts the question, why bother anyway?

John Heald.
Healds Dairies,
Didsbury, Manchester.

A heavy pound

From the Managing Director, Automagic Cleaning Services.

Sir,—Is it not time that we imitated De Gaulle and had a "heavy pound"? I am sure readers remember that he reduce the franc by dividing it by 100 and immediately brought the return of common sense values. If the Treasury were to divide our pound, say by four, the implications concerning wage claims and taxation would be quite startling and I am sure very beneficial.

A. Lister.
Automagic Cleaning Services,
45, Balfe Street, N1.

Reserves figures

From Mr. B. Coulson

Sir,—Once more the UK gold and foreign currency reserves figures released by H.M. Treasury have seriously understated the value of an important asset within our reserves—namely our holdings of gold bullion.

The current position is that we hold 690 tonnes of bullion valued at the extinct official price of $42.22 per oz or $940m. This figure is a modest 6 per cent of our current reserves of $15.7bn. The actual value however based on the current market price of gold at $225 per oz is $5.0bn or 26 per cent of current revalued reserves. H.M. Treasury has insisted for some considerable time that the valuation of Britain's bullion is a matter of little importance, an attitude which is entirely consistent with the 1,650 tonne reduction in our gold holdings since 1962. Since this gold was all sold at $35 per oz our reserves are in fact poorer by $10.1bn today.

Having been so wrong in the past it seems not unreasonable that the Treasury should make some modest amends now and recognise the market value of our gold. When one considers that our substantial non gold reserves are entirely pledged against our outstanding official short and medium term borrowing from abroad it seems only prudent to improve our net official reserves position from around nil to $4bn.

B. M. L. Coulson.
9, Brodrick Road, SW17.

Snakes and tunnels

From Mr. G. Chowdharay-Best

Sir,—In his extremely informative article on the European monetary system, Samuel Brittan (January 4) states that the "snake" metaphor ceased to be appropriate "when the Smithsonian system of fixed rates against the dollar collapsed in 1973." This is curious, as I cannot find any evidence of the word being used in this context, at least in English, before March 11, 1972, when the Economist (page 87) wrote that "Europe's currencies will try to be held inside the celebrated 'snake' wriggling within the overall 4.5 per cent dollar tunnel."

In the light of this, is the use of "snake" today really so inappropriate? Surely it is merely that the "tunnel" has become somewhat more variable in width and is no longer tied to the dollar, but the "snake" continues to wriggle within its newly defined constraints.

George Chowdharay-Best.
174, Clay Hill Road, Basildon, Essex.

Fluctuating currencies

From Mr. D. Bloom

Sir,—When Samuel Brittan writes (January 4) about a permissible band of 12 per cent within which the lira may fluctuate against other currencies in the European Monetary System, he describes a theoretical rather than a likely range, since there is no prospect of a weak currency rising above the mid-point of the band, or even staying close to it for long.

Mr. Riddell quotes the Organisation for Economic Cooperation and Development as foreseeing an 11 per cent or so inflation rate in Italy, 1979 on 1978, compared with under 3 per cent in West Germany. That may not force Italy out of the EMS, but it is guaranteed to push the lira towards the bottom of its range and make it subject to speculation about a devaluation. The "12 per cent range" will not prove to be of much use to the Italian authorities.

Unfortunately schemes like the EMS do not prevent inflation, or even differential inflation between members, with or without "transfers of resources."

Derek Bloom.
47, Old Church Street, SW3.

Investing in containers

From Mr. S. Choularton

Sir,—I am writing with reference to the article, "Taking the lid off containers," December 16. While there is one major error in the article, I would like to say that the general tenor of it gives a wrong impression.

Investing in containers is essentially a business exercise no different in its true nature than short term hire of cars or time-charter of ships. As you point out, all reputable managers underline the speculative nature of the income. As has recently been made clear in the shipping field, anyone who enters such a business with a view merely to avoiding tax makes a rash move. A person who desires simply to do this is better advised to utilise any one of the pure tax avoidance schemes which are on the market.

It should be remembered that, under all normal circumstances, any person investing in containers will always be investing hard cash. Any taxpayer will have to find the total cost of the containers to begin with. It is only at the point at which he would usually pay his tax that his cash flow will benefit to the extent of the relief. But of course it is at this very point that the purpose of capital allowances can take effect. The purpose is to encourage and enhance taxpayers' potential to invest in productive plant.

It is, I think, unfair to pick out containers and link them with golden handshakes. After all, one is only saying that if one depreciates income from other sources either by cutting off a source or making sure a deduction arises, the tax calculated under the formula for top slicing can be dramatically reduced. One could propose that a taxpayer separates from his wife after receiving a golden handshake as a large maintenance payment would have the same effect as buying plant.

Lastly, the error. There are no special tax arrangements for investing in containers used for exports. The entire taxation of these ventures is simply based on the ordinary application of the UK tax code.

S. D. Choularton.
C. P. Choularton, Sons and Partners.
Ashley House.
30, Ashley Road.
Altrincham, Cheshire.

Appropriate union

From the General Secretary, Engineers' and Managers' Association

Sir,—The recent letter from the president of the Institution of Chemical Engineers to his members on the subject of trade unions represents a most important initiative. Not only does it encourage members to join trade unions in general, but says that in the traditional chemical industry the Association of Management and Professional Staffs is the appropriate union while in the engineering industry it is the Engineers' and Managers' Association.

I believe this is the first time that one of our major professional institutions has identified individual unions in particular industries as being the appropriate ones for their members to join.

In my opinion this very specific approach of ICE reflects a growing understanding among the institutions of the reality of trade union organisation. This is that if the institutions wish their members to join a trade union which will reflect the interests and aspirations of professional and allied staffs, they cannot remain indifferent to which unions they join. If their members are not to disappear in penny packets among a variety of different unions each of which only caters for professional staffs incidentally, the only course is for them to join a trade union concerned to represent their interests as such; and where there is more than one such union, for those unions to find ways of coming together to maximise their combined strengths.

It is this reality that ICE has grasped. For, in his letter, the president goes on to say "that the best interests of most chemical engineers would be served by a merger of their (i.e. AMPS and EMA) memberships."

This is not the place to discuss this proposal but my personal belief is that if there were a will to make it a reality it would represent the decisive development in the trade union organisation of professional and managerial staffs in this country. The president's letter to his members was no ordinary letter.

John Lyons.
EMA
Station House, Fox Lane North,
Chertsey, Surrey.

The forecasters do foretell

From Mr. M. Matthews.

Sir,—Mr. Harris deserves to have his journalist's licence endorsed for his unwarranted and uncharacteristic dogmatism in the first sentence of his article of December 30 on the 1979 Economic Outlook: The World. Admittedly, he goes on to discriminate between some official forecasters and the real-life appreciation of economic and political change manifest among some oilmen, business planners, and the Japanese.

He may like to know that one economist in a leading British oil company forecast a rise in the oil price to $9 a barrel in early 1973, well before the two large increases which took the price to slightly above that level. Such forecasts, however, were regarded as too dangerous to publish even internally at the time. As a matter of interest, I attended a conference in Europe less than a year ago, organised by the U.S. econometric forecasting institute quoted by Professor Paul Samuelson on the next page of your December 30 issue. At this gathering someone expressed a similar view to that advanced by Mr. Harris about the absence of forecasts of the oil price increase. There was general surprise in the assembled company when I revealed the forecast mentioned above.

The situation was made worse for the industrialised countries after those two large oil price increases more than five years ago by the fact that several of the world's most eminent academic economists said that those price increases would not be sustainable. Many politicians and leading industrialists took this advice and failed to take adequate medium- and long-term policy decisions, expecting a collapse of oil prices within months.

In spite of their apparent consternation and confusion in early 1974 because of their high relative dependence on imported oil, this early recognition of the problem was probably one of the explanations for the re-ordering of Japanese policy priorities and remarkable turn around in their external balance of payments on current account — albeit at the expense of a bigger relative reduction in the growth of domestic demand than in other industrialised countries.

Professor Walt Rostow is one of the very few contemporary leading academic economists to have recognised the potential for increased energy sector investment (both in alternative supplies and improvements in the efficiency of use) as a means of achieving two things: easing the structural problem of overcapacity in many sectors in the industrialised countries brought about by changes in the relative costs of energy; and of reducing and/or delaying further rises in the real cost of oil.

The erosion of the real oil price may or may not come to an end in 1979. Energy economists familiar with the sector have recognised that another turning point is approaching, though its timing is critically dependent on the rate of economic growth achieved in the Organisation for Economic Co-operation and Development economy. Had the USA become fully or almost self-sufficient in energy by 1980 (as ex-President Nixon proposed in November 1973) the prospect would have been quite different. Had the OECD economy as a whole achieved an average growth of 5½ per cent p.a. over the 1975-80 period as proposed, I calculated that Saudi Arabia (as the balancing supplier of world energy) would have been required to produce at the rate of 16.5m barrels daily, or well beyond its prospective capacity in 1980. The implications for oil prices would have been very different again. The fact is of course that business forecasters attached extremely low probabilities to either of these two events.

The forecasts made by applied business economists form an important input to major investment decisions of large business corporations. Unfortunately, they are not generally available to outsiders. Nevertheless, the implications of those forecasts abound in the form of action: high investment per unit of output in new energy production or reserves due to come on stream in five, ten or more years ahead; and wholesale closures of plant capacity which may never be re-used again, either because there will be no physical need for it, or because it is economically or technologically obsolete in the low growth/high energy cost era.

As a broad generalisation one can assert that most published forecasts of economic growth these days err on the side of optimism, just as they tended to be too pessimistic in the twenty five years or so up to 1973 (with acknowledgements to Kondratieff). Because of the uncertainties associated with any single point forecasts for the international economy, most business planning takes account of alternative very pessimistic scenarios of the economic/political environment which politicians would be reluctant to contemplate in private, let alone discuss in public.

M. Matthews,
81 Burntwood Grange Road, SW18

Today's Events

GENERAL

Rail pay talks resume, British Rail headquarters, Marylebone.

Rhodesia's transitional government reassembles in Salisbury to finalise race-relations laws.

Mr. Zahid Sarfraz, Pakistan Commerce Minister, visits Japan.

OFFICIAL STATISTICS

November final retail sales figures from Department of Trade. Hire purchase and other instalment credit business (November). London clearing banks' monthly statement (mid-December). UK banks' eligible liabilities, reserve assets, reserve ratios and special deposits (mid-December).

COMPANY RESULTS

Final dividends: Investors Capital Trust. Winterbottom Trust. Interim dividends: Best and May. Halma. Lynton Holdings. Ratners (Jewellers). RFD Group. Interim figures: Chaddesley Investments. Gordon and Gotch Holdings (third quarter).

COMPANY MEETINGS

E. J. Riley, Connaught Rooms, Great Queen Street, WC. 12.30. Wade Potteries, Manchester Pottery, Burslem, Stoke-on-Trent, 12.

Hogg Robinson up 5% in difficult first half

PROFITS BEFORE tax of Hogg Robinson Group, international insurance and reinsurance broker, rose five per cent to £3.37m in the half year to September 30, 1978. Turnover increased 18 per cent to £15m with insurance broking turnover up 11 per cent.

The results reflect a satisfactory half year's trading, the directors say, and despite the *more difficult market conditions* now being faced, they believe the full year will show a further improvement in profits.

The interim dividend is effectively raised from 2.42p to 2.7p—the previous total was equal to 4.14p from pre-tax profits of £9.51m.

Commenting on the results Mr. Morris Abbott, chairman, says profits for the half year have once again been affected adversely by the continuing unfavourable currency conditions, while in Nigeria the group is handing over 60 per cent of its equity to local participants under decree of the Nigerian Government thus substantially reducing the contribution to overseas profits.

The recent acquisition of 30 per cent of the shares in the U.S. broker, Markel Service Inc., will not affect the current year's results but the chairman feels confident it will provide a welcome contribution to profits in future years.

See Lex

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
A. G. Barr	1.66	April 6	1.49*	2.41	2.18*¶
Brown & Tawse ......int.	1.3	April 6	1.18	—	4.81‡
Caplan Profile Group	3.85	—	3.29	5.35	4.79
Hogg Robinson ......int.	2.7	Mar.	2.42*	—	4.14*
H. Samuel ......int.	0.83	Feb. 2	0.75*	—	5*
Smith Wallis ......int.	1.5	Feb. 14	1	—	3.42
Reo Stakis	0.81	April 23	0.5*	1§	0.69*

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Additional 0.073p now payable. § Includes 0.008p payment following tax adjustment. ¶ Includes additional 0.0225p now payable.

Caplan Profile expands 70% good start to current year

WITH PRE-TAX profits of *Caplan Profile Group up 70.11 per* cent at £1.11m against £652,658 in the year to August 31, 1978, and a 54.9 per cent increase in turnover from £4.02m to £6.23m, the board states that this was the most successful year to date.

Turnover and profitability increased by a record percentage, and every division within the group traded profitably including the most recent members, Profile Expanded Plastics, Canada, and Braemore Furniture.

Current production and sales are substantially in excess of the corresponding period which, if maintained, would result in another year of record growth in *turnover and profitability.*

After tax of £98,521 (£148,052), earnings per 10p share are shown to have jumped from 15.422p to 22.191p. The net dividend is increased to 5.348p (4.79p) with a final payment of 3.848p.

The board reports that demand for the group's office equipment *products grew steadily during* the year, assisted somewhat by the introduction of a number of new product ranges in the cabinet and seating areas.

In contrast to the previous year, Profile Expanded Plastics had an uninterrupted year of growth. This was due in part to the new upholstery division Braemore Furniture, and office seating divisions, all of whom utilised Profile's products with success.

Profile, states the board, is now beginning to obtain the benefits of the considerable capital investment incurred over the past few years, while widening its *technological* lead over its competitors through the combination of intricate plastics technology with basic furniture production.

Profile Expanded Plastics, Canada, is now a wholly-owned subsidiary of the group and made an acceptable profit in its second full year of trading, during which time turnover was more than double that of the previous period. A 25,000 sq ft extension to its freehold premises was commissioned in June 1978 and completed by mid-September.

In the domestic upholstery division, Braemore Furniture, which started trading in February 1977, has experienced a dramatic rate of growth in its first full year of trading. It achieved a level of production by the end of the 1977-78 period in line with the board's most optimistic forecasts.

Braemore has been allotted a further 30,000 sq ft of production *space which will allow it to* more than double the current rate of prodyction.

FT Share Service

The following securities have been added to the Share Information Service appearing in the Financial Times.

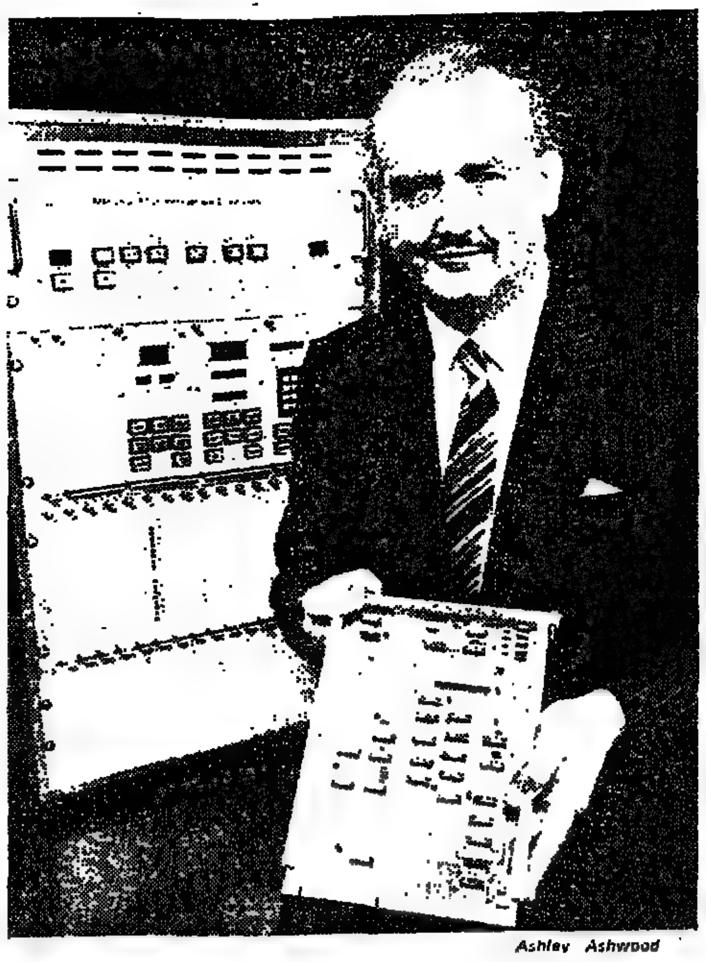
Aeronautical and General Instruments (Section: Industrials); Boral Limited (Section: Overseas—Australia); Costain Group Defd. (Section: Buildings); Gas and Oil Acreage (Section: Oils); Hawley Leisure (Section: Leisure); Suter Electrical (Section: Industrials); Teck Corporation B (Section: Overseas—Canada).

A. G. Barr passes £2m mark

ANNOUNCING PRE-TAX profits of £2.01m against £1.18m for the year to October 28, 1978, Mr. Robin Barr, chairman and managing director of A. G. Barr and Co., Glasgow-based soft drink manufacturer, states that "the high level of sales reflected the improvement in the returnable *bottle business north and south* of the border. This was despite the poor weather of 1978.

While sales of non-returnable containers—both bottles and cans—had increased, it had been difficult to achieve adequate profitability in this sector due to marketing conditions.

After tax of £932,000 (£621,000), earnings per 25p share are shown to have risen from 8.81p to 17.04p. A final payment of 1.6552p (1.49) net raises the total payment to 2.4052p, against an adjusted 2.1765p including an additional 0.0225p now payable.



Ashley Ashwood

Mr. R. E. Ford, chairman of Negretti and Zambra

Negretti & Zambra slumps mid year

PRE-TAX profit of Negretti and Zambra, measurement and control instrument manufacturer, slumped from £80,698 to £20,852 for the half year to September 30, 1978 on external sales ahead from £4.46m to £5m. Profit for the whole of the 1977-78 year was £253,170 against a previous £347,000.

Mr. R. E. Ford, chairman, explains that three abnormal factors accounted for the reduction in profits for the six months: the Aylesbury factory lost the equivalent of a month's output because of industrial action.

And, both Negretti and Zambra GmbH in West Germany and Sepkarn incurred losses, the former due to theadditional costs associated with the group's expansion programme and the latter as a result of post acquisition reorganisation.

He adds, however, that both these companies are now trading profitably.

Although the industrial dispute *at the Aylesbury factory* was settled in July, the resulting problems of unbalanced stocks and delayed sub-contracting are taking longer to resolve than had been anticipated.

And with investment in microprocessor technology building up, he says that the group's short *term profits are likely to remain* unexciting. However the continuing improvement in order books and inquiries, particularly for MPC 80, supports the chairman's medium term growth prospects forecast at the time of last year's rights issue.

Again there is no interim dividend but the directors are planning to introduce one for the 1979-80 year—last year's single payment was 3.6338p net per 25p share. On the capital increased by the rights issue a loss of 0.4p per share is given compared with earnings last time of 1.7p.

● comment

Negretti may have medium-term growth prospects but its near-term outlook is not particularly bright. Its 74 per cent interim pre-tax profit fall is worse than expected and, if the traditional ratio of second-half profits being two to three times the interim figure holds true the prospect is for a full-year result around £73,000. But, the factors which depressed the first half are not likely to have quite the same effect in the second half and it is possible that the company will be able to convert at least part of the 20 per cent growth in orders during the interim period into sales and profits, so the full-year figure could end up much closer to last year's £253,170 than history indicates. The funds raised in the recent rights issue are being ploughed into development of new products which, in the medium term, should influence sales and profits. Some short-term benefit is coming from the drop in borrowings and interest costs. The shares fell 4p to 32p yesterday giving a prospective yield of 7.3 per cent.

Shell Chemicals UK heavy loss

BY SUE CAMERON

Shell Chemicals UK lost £4.2m in the third quarter of last year and results for the fourth quarter of 1978 are expected to be "even worse."

The third quarter result is announced in the latest edition of the company's newspaper. It comes after losses totalling £4.5m *for the first half of last year* and it is now thought that Shell Chemicals' total deficit for 1978 could be as high as £15m.

Shell Chemicals' pessimistic forecasts for its fourth quarter results are based on the rapid increase in naphtha prices last autumn—naphtha is a basic *petrochemical* feedstock. The company said yesterday that naphtha prices had risen from $130 a tonne in September last year to $180 a tonne at the beginning of this year. But these increases have "yet to be pushed *through into finished product* prices."

The company fears that it may not be able to make higher finished product prices stick. It said that while its own immediate customers—such as plastics processors—appreciated the need for price increases their customers frequently baulked at higher charges. Shell Chemicals added that this situation could lead to increased UK imports of such *materials as polyethylene*—30 per cent of the UK polyethylene market is already met by imports.

During the third quarter of 1978 Shell Chemicals' tonnage sales and revenue were both down on the second quarter. Returns on exports also "continued to cause concern, partly because of weakening prices in Europe and partly because of the effect of currency exchange rates."

Fine chemicals was the only area where there was some improvement during the third quarter of last year—both home market prices and tonnage sales rose on some products.

Reo Stakis profits soar 59% to record £2.8m

THE STEADY growth pattern of the Reo Stakis Organisation continued in the year to October 1, 1978, with turnover and profits reaching record levels.

With each division making a satisfactory contribution to the overall result, group turnover rose 38 per cent to £52.71m and profits before tax were up 59 per cent to £2.8m.

	Year ended 1977-78 £000	1976-77 £000
Hotels, Inns	21,869	21,687
Casinos, Betting	4,690	8,448
Wines, Spirits, Off Licences	26,153	*9,973
Total turnover	52,712	38,108
Hotels, Inns profit	1,559	1,287
Casinos, Betting	882	336
Wines, Spirits, Off Licences	662	330
Trading profit	3,103	1,953
Interest	328	206
Profit before tax	2,775	1,747
Tax	977	534
Net profit	1,798	1,213
Extraord. items	36	†67
Attributable	1,834	1,146
Dividend	354	244
Retained	1,480	902

*Comprise the results of D. and A. Haddow for the six months ended October 2, 1977.
†Debit.

Earnings per share are shown at 5.08p against 3.63p. The final dividend is 0.808p making a total for the year of 1p of which 0.008p represents a tax adjustment on the final dividend for 1976-77. The previous total was equal to 0.691p.

New projects are in progress and there is a continuous drive to seek out opportunities for further expansion, *the directors say.* They are satisfied with trading figures to date in the current year.

● comment

Rio Stakis has turned in a creditable performance. Profits growth for the year is 59 per cent, which compares with increases of about two-fifths and nearly a fifth respectively in the two previous periods. During the year the company underwent some major divisional restruuturing. In the hotel and inns division some high-turnover units were transferred to the wines and spirits side—now under the Haddon umbrella—while elsewhere, the company disinvested itself from its betting interests. All this makes direct comparisons difficult but the hotel and catering side continues to do well, although the bad weather in Scotland probably depressed profits slightly. Casinos also advanced on the back of increased consumer spending and higher investment. Overall, the underlying prospects con*tinue to be good* while there is still plenty of room for additional expansion by acquisition. At 41p the shares are on a p/e of 8 while the yield is 3.7 per cent.

BOARD MEETINGS

The following companies have *notified dates of board meetings to* the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals, and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—Best and May, Halma, Lynton Holdings, R.F.D., Ratners *(Jewellers)*

Finals—Investors Capital Trust, Winterbottom Trust.

FUTURE DATES

Interims—	
Avenue Close	Jan. 11
B.A.T. Industries	Jan. 30
Ellis and Everard	Jan. 16
Fitch Lovell	Jan. 25
Howard Shuttering	Jan. 15
Jones Stroud	Jan. 18
Marston Thompson *& Evershed*	*Jan. 24*
Thorn Electrical	Jan. 12
Finals—	
Associated Sprayers	Jan. 12
Bertrams	Jan. 30
Brooke Tool	Jan. 17
Grand Metropolitan	Jan. 18
Great Northern Invest. Trust	Jan. 16
IMI	Feb. 27
Imperial Group	Feb. 8
McMullen	Jan. 16
Mercantile Investment Trust	Mar. 8
Watson and Philip	*Jan. 26*

Brown & Tawse advances

WITH SALES higher at £24.59m against £20.65m, pre-tax profits of Brown and Tawse, steel and tube stockholder and engineer, advanced from £1.62m to £2.03m for the six months to September 30, 1978.

Mr. S. D. Rae, the chairman, anticipates that full year profits will show an increase over the previous year, when a record £3.33m pre-tax was achieved.

He says there has been little *change* in level of demand for steel and tube products, and trading conditions remain competitive.

Elsewhere, good results were achieved in the group's engineering activities, and in the marketing of hydraulic plant and equipment.

Profits were struck after interest of £236,000 (£254,000), depreciation £278,000 (£144,000) and £37,000 (71,000) leasing and hire of plant and vehicles.

Tax takes 1.06m (£843,000) and after preference dividends, attributable profits emerged ahead from £777,000 to £974,000.

The net interim dividend is lifted from 1.179p to 1.3p per 25p share, costing £139,000 (£125,000), with an additional 0.073p to be paid for 1977-78 on ACT reduction—last year's final with 3.635p.

● comment

Brown and Tawse is at the less depressed end of the steel stockholding spectrum but a 25 per cent pre-tax profits *increase* is nevertheless a good result. The contribution from steel and tube products is, in fact, little changed and most of the improvement has come from the plant hire and *sales* side. This may only account for at most one-fifth of group turnover but demand for hydraulic rock breakers, manufactured jointly with a French company, has been surprisingly high. Local authority orders here have made up for the still sluggish construction industry, and clearly this activity can expand further. As for stockholding Viscount Davignon's success in reducing non-EEC imports has partly been offset by an increase in the influx from Common Market countries. A slight upturn has so far been felt in the second half but with consumers now encouraged by high interest rates to keep stocks low, the market can change quickly. Profits of at least £4m, however, should be possible for the year which puts the shares at 124p on a prospective fully taxed p/e of 6.5 and a yield of 6.4.

NEW LIFE BUSINESS

State scheme boosts CMG—huge rise in premiums

New life business more than doubled that of the previous year is reported for 1978 by Clerical, Medical and General Life Assurance Society—the best new business performance so far reported by a *life* company. New annual premiums advanced by just over 100 per cent from £9.43m in 1977 to £18.93m last year, while single premiums, relating to pension business, rose by 124 per cent from £6.72m to £15.05m.

The company benefited con*siderably from the start of the* new State pension scheme last April. New annual premiums for group life and pensions and for self-employed pensions jumped by 116 per cent from £6.66m to £14.41m. The new annual premium contract for the self-employed, introduced during 1978 *proved popular* with advisers. Overall, self-employed business was 43 per cent higher on the year.

The company also reported considerable growth on its ordinary life business, with new annual premiums 63 per cent higher at £4.52m as against £2.77m in the previous year. There was a significant rise in ordinary short-term with profits endowments—used for conventional savings—a feature not seen by many other life companies. One reason for this success was the record level of bonus declared early last year. The company also reports higher *sales of low cost endowments* connected with mortgage repayment—a feature common to most life companies arising from the buoyant house purchase market.

Buoyant new business in 1978 is also reported by The Scottish Life Assurance Company with new annual premiums 71 per cent higher at £9.4m compared with £5.5m in 1977 and single premiums more than doubled at £10.8m as against £4.4m.

The growth in annual premium business came from the pensions sector. New annual premiums from company and executive pension schemes doubled from £3m to £6m, while premiums *for self-employed contracts* rose from £0.15m to *£0.5m.* New business in ordinary life contracts showed a healthy advance from £2.35m to £2.9m.

Pensions was also the successful sector for single premium business, with company and executive schemes rising from £2.7m to £7.7m. Self-employed single premiums advanced from £1.1m to £1.8m and business on ordinary business doubled from £0.6m to £1.3m. Most of this growth came from immediate annuity business, the company having maintained a strong competitive position in this product throughout the year.

A 60 per cent increase in new annual premiums in 1978 is reported by the Sentinel Insurance Company totalling £390,000. The number of new policies written rose by over 15 per cent to 2,320 indicating that growth occurred both in the number *of* contracts as well as in the size *of policy.*

The Time Assurance Society reports a 14.7 per cent rise in new annual premiums on both life and pensions business combined from £534,000 *to* £626,000. New single premiums in 1978 relating to pensions business rose by 10.8 per cent, amounting *to £2.1m compared with £1.9m* in 1977.

A successful year for new life business is reported by Friends' Provident Life Office with a 63 per cent rise in new annual premiums on ordinary life business from £4.6m in 1977 to £7.5m last year. Sales of low cost *endowment connected* with mortgage repayment doubled, the new 10-year savings policy recorded premiums 80 per cent higher, while business on flexible endowments rose by one-third. The company's planned reorganisation of its sales pattern following the change in commission structure at the end of 1976 has thus proceeded successfully.

The company also achieved success with its other individual long-term contracts. Sales of individual permanent health contracts, the company is a leader in this field, rose by one-third, business in executive pensions was 15 per cent higher, *but sales of self-employed* pensions contracts were unchanged from the levels of the previous year.

New annual premiums on group life, pensions and permanent health were buoyant in 1978 rising by 43 per cent from *£5.4m* to *£7.7m.* Sales of *group permanent* health contracts doubled over the year. The group's managed pension fund subsidiary, established last year, had a successful year.

Overall, new annual premiums world-wide climbed 36 per cent from £15.6m to £21.3m and single premiums from £6.2m to £8.8m (the *increase coming mostly* from higher sales of immediate annuities). New sums assured totalled £954m against £695m; new annuities £37.8m compared with £30.6m and new PHI sums insured £40.2m against £25.7m.

● NEWS ANALYSIS

Why Sime Darby wants Guthrie

BY JAMES BARTHOLOMEW

Sime Darby's bid approach to Guthrie marks the latest round in the transfer of ownership of plantation companies from the UK to the East.

Sime Darby, which is making the approach from its Malaysian base, was itself a British company in the recent past. Control shifted to Malaysia when Pernas, a Malaysian government agency, built up a stake with other local interests and used the holding to throw out the then mainly British board of directors. There is still an important British stake in Sime Darby, but the largest holding is in Malaysia, along with management and tax residence.

Most observers now regard Sime Darby as a semi-nationalised company which will act as an agent for the Malaysian government, although the company insists that its main interest is to follow commercial policies. It has a controversial history. In the notorious "Pinder affair," a former chairman of the group pleaded guilty to misappropriation of company funds and was given a prison sentence. The board was changed several times in the next few years as the British contingent was reduced.

Then, last autumn, Sime announced that it was going to sack its auditors, Turquand Youngs and Co. The auditors fought their dismissal saying that no grounds had been given. There ensued a public slanging match which did the image of neither party any good.

Last year, too, came a brush with the Kuala Lumpur Stock Exchange. Sime negotiated loans amounting to £107m from banks in Malaysia and Singapore, but was reluctant to say what it intended to do with this massive amount of money. Instead it issued a statement giving only general indications.

Of course, it now looks as though the main purpose of the loan was to facilitate yesterday's approach to Guthrie. At the time the loans were negotiated, it was widely rumoured that Guthrie would be Sime Darby's target. Sime bought shares in Guthrie and other Guthrie shares were said to be being sold to interests in Malaysia, Hong Kong, and Singapore. The chief executive of Sime Darby, Mr. James Scott, said that a bid for Guthrie was not intended.

Apart from Sime and—perhaps—Guthrie—other important companies to have fallen to local Malaysian interests are Kuala Lumpur Kepong, London Tin and Highlands and Lowlands. Still on the Malaysian shopping list are the M. P. Evans group of plantation companies, the Barlow group and, the biggest fish of them all, the Harrisons and Crosfield group.

Harrisons and Crosfield is the British company which has taken the strongest line with the Malaysians. It has successfully fought off takeover bids on parts of its empire, and it has itself taken over strategically important companies to help resist further attacks.

H and C has had to face criticism in Britain as well as Malaysia because of its labyrinthine interlocking shareholdings. These have enabled the group to keep control of many companies without having to make takeover bids for them.

Genting Highland, a Malaysian company, along with Britain's Rothschild Investment Trust and McLeod Russel, have mounted takeover bids on parts of the group. But like Sime Darby, Harrisons has not been diverted. "We will stick to our last," said Mr. Tom Prentice, the chairman. An illustration of this determination was in the bid which H and C mounted last year for its associate, Harrisons Malaysian Estates. This was successful and created a company of a size which even Sime Darby would have some difficulty in buying.

One of the effects of Sime's take over of Guthrie, if it goes, through, will be that H and C is left as the last really big British plantation company in Malaysia. That may not be a comfortable position to be in, especially as H and C is not very popular with the Malaysian authorities. They are all too conscious of the success H and C has had in resisting dilution of its control. And they consider that the group has sometimes been less than diplomatic.

Although Guthrie's estates are not much smaller than those of H and C it should be much easier to take over. Its attempted diversification into non-plantation industries has been unsuccessful. Most disastrous has been its entry into carpet manufacture. The move was in time to meet the slump in the carpet industry which is still not yet entirely over.

Guthrie has also had difficulties in its North American ventures. Its subsidiary, Ajax, in the U.S., suffered a four-month industrial dispute last year. This helped reduce interim profits for 1978 to £4.7m, compared with £11.1m in 1977. So this is an ideal time for Sime Darby to make a bid

Kendal & Dent under investigation

The Department of Trade has been investigating Kendal and Dent, the "fringe" banking operation with Portuguese connections, for three years. This was stated yesterday by Lord Ponsonby, a director of Kendal and Dent. The Department was probably acting under powers contained in section 109 of the 1967 Companies Act.

The Department took action late last year to close the bank under provisions in the Protection of Depositors and Companies Acts. It did so on the grounds that it was in the public interest that the bank should be wound up. The case comes before the High Court on January 22, when the Government's application for a winding up petition will be heard.

Lord Ponsonby also confirmed that another accounting firm, Robson Rhodes, had provided services to Kendal and Dent, prior to the appointment of Stoy Hayward, the present auditors, last year. Mr. Barry Palmer, a Robson Rhodes partner, said yesterday that his firm had never been appointed auditors to the bank. "We parted by mutual agreement."

H. Samuel to finish well ahead

The directors of H. Samuel, multiple retail jeweller, forecast that results for the 12 months to February 3, 1979 will comfortably exceed the previous year's record figures, when pre-tax profits reached £10.4m.

Trading during the first 11 months of the current year including a very successful Christmas was well up to forecast, they report.

The first interim dividend is effectively raised from 0.75p to 0.825p net per 25p share, and as a "close" company, it is intended to recommend a second interim as usual later when full year results are announced.

SHARE STAKES

William Pickles and Co: Mr. W. R. Pickles, a director, has informed the company that a trust in which he has an interest has acquired a further 23,748 "A" (non-voting) shares.

BASE LENDING RATES

A.B.N. Bank	12½%	■ Hambros Bank	12½%
Allied Irish Banks Ltd.	12½%	■ Hill Samuel	§12½%
Amro Bank	12½%	C. Hoare & Co.	†12½%
American Express Bk.	12½%	Julian S. Hodge	13½%
A P Bank Ltd.	12½%	Hongkong & Shanghai	12½%
Henry Ansbacher	12½%	Industrial Bk. of Scot.	12½%
Associates Cap. Corp.	12½%	Keyser Ullmann	12½%
Banco de Bilbao	12½%	Knowsley & Co. Ltd.	14½%
Bank of Credit & Cmce.	12½%	Lloyds Bank	12½%
Bank of Cyprus	12½%	London Mercantile	12½%
Bank of N.S.W.	12½%	Edward Manson & Co.	13½%
Banque Belge Ltd.	12½%	Midland Bank	12½%
Banque du Rhone et de la Tamise S.A.	13 %	■ Samuel Montagu	12½%
Barclays Bank	12½%	■ Morgan Grenfell	12½%
Barnett Christie Ltd.	13½%	National Westminster	12½%
Bremar Holdings Ltd.	13½%	Norwich General Trust	12½%
Brit. Bank of Mid. East	12½%	P. S. Refson & Co.	12½%
■ Brown Shipley	12½%	Rossminster	12½%
Canada Perm't Trust	12½%	Royal Bk. Canada Trust	12½%
Cayzer Ltd.	12½%	Schlesinger Limited	12½%
Cedar Holdings	12½%	E. S. Schwab	13½%
■ Charterhouse Japhet	12½%	Security Trust Co. Ltd.	13½%
Choulartons	12½%	Shenley Trust	14 %
C. E. Coates	12½%	Standard Chartered	12½%
Consolidated Credits	12½%	Trade Dev. Bank	12½%
Co-operative Bank	*12½%	Trustee Savings Bank	12½%
Corinthian Securities	12½%	Twentieth Century Bk.	13½%
Credit Lyonnais	12½%	United Bank of Kuwait	12½%
Duncan Lawrie	12½%	Whiteaway Laidlaw	13 %
The Cyprus Popular Bk.	12½%	Williams & Glyn's	12½%
Eagil Trust	12½%	Yorkshire Bank	12½%
English Transcont.	12½%		
First Nat. Fin. Corp.	14 %		
First Nat. Secs. Ltd.	14 %		
■ Antony Gibbs	12½%		
Greyhound Guaranty	12½%		
Grindlays Bank	12½%		
■ Guinness Mahon	12½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 10%, 1-month deposits 10¼%.
† 7-day deposits on sums of £10,000 and under 10%, up to £25,000 10¼%, and over £25,000 10½%.
‡ Call deposits over £1,000 10%.
§ Demand deposits 10%.

MINING NEWS

Hollinger's C$40m Bow Valley deal

BY KENNETH MARSTON, MINING EDITOR

IF ALL goes as planned, Canada's **Hollinger Mines** and its 61 per cent-owned **Labrador Mining and Exploration** will acquire for C$40.7m (£16.8m) a major stake in the Calgary-based **Bow Valley Industries**.

This will provide the Hollinger companies with an entry into oil and gas exploration, development and production; coal production; uranium exploration; and natural resource service and manufacturing industries.

John Soganich reports from **Toronto** that agreement in principle has been reached for the two mining companies to pay C$40.7m for 1.85m Bow Valley treasury shares—there are 9.8m shares outstanding—at a price of C$22 each. One-quarter of the purchase will be made by Hollinger and the rest by Labrador Mining.

Bow Valley intends to use the proceeds of the private placement to repay a portion of bank indebtedness incurred for the acquisition in 1978 of Flying Diamond Oil.

Hollinger and Labrador Mining are also negotiating a deal with the Seaman brothers whereby all the shares of Bow Valley owned by the latter (about 1.9m at present) could be acquired by Hollinger and Labrador in 1983. If Hollinger and Labrador do not elect to buy the Seaman brothers' shares then the latter would have the right to purchase all the Bow Valley shares then owned by Hollinger and Labrador.

NAMIBIA MINERS BACK AT WORK

The mines in Namibia (South-west Africa) which were involved in wage disputes last week are now operating normally again, according to a Mines Department spokesman in Windhoek.

At the **Rio Tinto-Zinc** group's **Rossing** uranium mine a committee has been established to investigate the grievances of some 2,000 workers involved in an earlier five-day stoppage over the Christmas period.

It is understood to have stemmed from a misunderstanding over the introduction of a new wage scale which made provision for pay increases ranging between 10 and 20 per cent.

BIDS AND DEALS

Tangent pays £0.8m for Percy Lund

Tangent Industries has acquired **Percy Lund Humphries** for £801,225 cash. Tangent says the deal will create one of the largest privately-owned printing concerns in the UK.

Mr. Michael Green, one of two brothers, which own and run Tangent, says that the group will ultimately go public but not before it is earning pre-tax profits of at least £1m a year.

He forecasts that the combined profits of Tangent and Lund Humphries will be at least £750,000 in the year to March 31, 1980, with group generating turnover of around £10m.

The brothers, Michael and David Green, both in their early 30s acquired Tangent—then Facsimile Letter Printing—in 1967 when group pre-tax profits were in the region of £20,000 a year.

Mr. Michael Green said that Tangent—fine art printers for catalogues, brochures, books, magazines and posters—is on target for £400,000 pre-tax profit in the current year.

Lund Humphries, specialists in financial and colour printing, generated trading profits of £285,000 on sales of £3.3m last year. Net assets of the group at April 30, 1978 were reported as £985,000

Tangent says that it has financed the takeover almost entirely out of cash flow. County Bank has acted as the group's advisers.

The deal will almost double Tangent's workforce to 750.

It is hoped to have completed the installation of the equipment within the next month or so and to be in proper production during February. Sales prospects look good, it is stated.

HL STAKE IN ANGLO SWISS RISES TO 11.1%

Hawthorn Leslie is continuing to buy **Anglo Swiss Holdings**, shares fuelling speculation that the engineering concern is poised to mount a counter bid to Armstrong Equipment's £1.4m cash offer.

Yesterday, Hawthorn announced that it had acquired a further 25,000 Anglo shares at 59½p apiece taking its stake to 11.1 per cent.

The price paid is some 5½p a share above Armstrong's offer of 54p a share.

Mr. Keith Chapman, Hawthorn's finance director declined to comment yesterday on the possibility of a counter bid: "At this stage we have made no approach to Anglo," he said.

The Anglo directors and some shareholders, controlling a 44 per cent stake in the loss-making screws and industrial fasteners business, have so far agreed to accept the Armstrong terms.

But Anglo's share price rose 2p yesterday to 63p on hopes of a higher bid emerging.

TILE TALKS

A meeting takes place today between H. and R. Johnson-Richards Tiles and Norcros. This follows the Norcros bid approach last week.

Norcros says that if talks with the ceramic tile group are successful then it will make a bid worth around £29m. However, Mr. Alec Done, JR's chairman, said last week that he saw no merit in a takeover but agreed to meet with Norcros.

JOHN HAGGAS UNCONDITIONAL

The Board of Dawson International announces that, following the decision by the Office of Fair Trading not to refer the proposed merger with John Haggas to the Monopolies and Mergers Commission, the offer has been declared unconditional in all respects.

As previously reported, an extra-ordinary general meeting in late December approved the enfranchisement of "A" class ordinary shares. Dealings in new Dawson shares, issued pursuant to the takeover, will commence today.

ICFC LOAN

Industrial and Commercial Finance Corporation has provided a £60,000 loan towards the establishment of a new textile printing company, **Lymington Prints**, of Ringwood, in Hampshire.

The operation is aimed at the top end of the market, where there is a distinct shortage of printing capacity.

A new 19,000 sq ft factory is being fitted out in Ringwood, which is within easy reach of customers in London and elsewhere.

ELECTRONIC RENTALS

Shareholders of **Electronic Rentals Group** have given the group the go-ahead to complete its £61m purchase of the bulk of Lloyds and Scottish television rental business.

As a result of the deal Philips Electronic and Associated Industries will lift its stake in Electronic Rentals to just over 34 per cent. Electronic Rentals' deal with Lloyds and Scottish has gone unconditional.

EUROPEAN OPTIONS EXCHANGE

Series		Jan. Vol.	Jan. Last	Apr. Vol.	Apr. Last	July Vol.	July Last	Stock
ABN	F.360	—	—	5	19	—	—	F.367
ABN	F.380	—	—	1	9	—	—	"
ABN	F.390	—	—	32	4.40	—	—	"
AKZ	F.27.50	12	2.70	—	—	—	—	F.30.40
AKZ	F.30	2	0.90	16	2.80	19	4.40	"
AKZ	F.32.50	—	—	45	1.80	27	2.60	"
AKZ	F.35	—	—	55	1	2	1.80	"
ARB	F.70	—	—	—	—	1	8	F.74.90
ARB	F.73.90	4	1.30	—	—	—	—	"
CSF	F.380	—	—	5	32.40	1	43.10	F.393.50
CSF	F.400	—	—	4	22.20	—	—	"
CSF	F.440	—	—	5	8.20	—	—	"
EK	$60	20	2⅝	6	5⅞	—	—	$61¼
EK	$70	—	—	5	1⅝	—	—	"
GOB	F.150	—	—	2	5.00	5	8.60	F.149.50
HO	F.32.50	—	—	2	5.80	10	7.50	F.35.10
HO	F.35	—	—	12	4	29	5.80	"
HO	F.37.50	—	—	5	2.60	25	3.50	"
HO	F.40	—	—	28	1.60	16	2.50	"
IBM	$260	2	46¼	—	—	—	—	$305
IBM	$280	12	26¼	2	33½	3	40½	"
IBM	$300	6	9	1	20¾	5	27	"
IBM	$320	—	—	1	10¼	—	—	"
KLM	F.120	—	—	—	—	2	11.50	F.120.50
KLM	F.130	—	—	2	3.50	—	—	"
KLM	F.140	—	—	1	2.30	5	4.30	"
KLM	F.150	—	—	1	1.20	—	—	"
KLM	F.160	—	—	2	0.40	10	1.60	"
KLM	F.170	—	—	—	—	11	0.80	"
NN	F.106.90	5	0.90	—	—	—	—	F.107.50
NN	F.110	—	—	2	5	—	—	"
NN	F.120	—	—	6	1.50	—	—	"
PHI	F.22.50	24	2.30	2	3.20	6	3.80	F.24.70
PHI	F.25	28	0.50	45	1.50	31	2	"
PHI	F.27.50	—	—	34	0.60	30	1	"
PHI	F.30	—	—	80	0.40	—	—	"
PRD	$50	5	4¼	1	7½	—	—	$53¾
PSA	F.520	—	—	20	11.30	—	—	F.467
PSA	F.560	—	—	3	4.50	—	—	"
RD	F.120	6	3.20	9	7	—	—	F.122.60
RD	F.130	—	—	42	2.50	2	3.60	"
UNI	F.110	5	12	—	—	—	—	F.122
UNI	F.120	—	—	6	6.50	—	—	"
UNI	F.130	—	—	—	—	4	3	"
XON	$60	10	⅞	—	—	—	—	$60¼
XRX	$50	1	6⅜	—	—	—	—	$56½
		Feb.		May		August		
BA	$70	1	7	2	10⅝	—	—	$74½
OXY	$20	—	—	1	1¼	—	—	$17⅞

TOTAL VOLUME IN CONTRACTS 876

Wellcome sales and profit rise

EXTERNAL SALES of **Wellcome Foundation**, drugs group, were up by over £31m to £381.7m and taxable profits rose 10 per cent from £46.67m to a record £51.14m for the year ended August 26, 1978.

Mr. A. J. Sheppard, the chairman, tells shareholders in his annual statement that exports have made a further advance—£87m compared with a previous £73m—and show a 72 per cent gain in the past two years.

Capital investment during the year again amounted to £21m, of which £11m was in the UK. "We have a very substantial programme ahead for capital expenditure in the UK and in many overseas territories," Mr. Sheppard says.

Cost of research and development in the group rose from £29m to £33m, "and more personnel are now employed in these functions than ever before," he adds.

During the year, within the UK the group has brought to near completion a new veterinary entomology building and has well under construction a new physical chemistry building. A liquids manufacturing building has been completed as well as other important but relatively minor projects.

Including the sums set aside for deferred tax, shareholders' funds have increased from £159m to £175m. Gearing ratios have reduced, the chairman says, "but these will probably revert to levels more in keeping with recent years as capital expenditure programmes develop and the necessary funding is taken up."

He adds that they will, however, be compatible with the assets base of the group.

British Cinema Theatres hopes

Pre-tax profits of **British Cinematograph Theatres** for the half year to July 31, 1978, are up at £24,931 against £20,452. Turnover excluding VAT stands at £1.44m against £1.19m.

So far, state the directors, turnover of the group's cinema and photographic shops has benefited from the increase in consumer demand.

If this continues to the end of the financial year and profit margins are maintained, full-time results are expected to compare favourably with those of last year, when pre-tax profits stood at £71,000.

	Six months 1978 £	1977 £
Turnover*	1,441,664	1,189,130
Trading profit	31,053	25,723
Depreciation	10,915	9,778
Rentl. and inv. inc.	4,793	4,507
Profit before tax	24,931	20,452
Tax	14,430	11,835
Net profit	10,501	8,617

* Excluding VAT.

NORTH AMERICAN NEWS

Fairchild Industries buys stake in Bunker Ramo

BY STEWART FLEMING IN NEW YORK

IN A major diversification, Fairchild Industries, a leading aerospace contractor, has agreed to buy 20.6 per cent of communications group Bunker Ramo. Fairchild, which is paying $27.4m for the stake, has indicated that it will now seek some form of business combination with Bunker Ramo which could involve a merger of the two.

Fairchild Industries has made no secret of its desire to diversify away from aerospace. The company is heavily dependent for both its sales and earnings on the A-10 fighter which it *builds for the U.S. Air Force.* Around two-thirds of sales revenues—expected to be over $500m in 1978—and earnings *come from the* A-10 programme which could be completed by 1982. Analysts expect Fairchild to report earnings of around $23m, or $4.75 a share, for the financial year ended December 1978.

Fairchild itself points out that it is working on alternative versions of the A-10, and that several of its other businesses including its Swearingen executive and commercial jet company, are growing rapidly. It has, however, been seeking a better balance between its military, aerospace and communications *interests and its* acquisation of Bunker Ramo would be a big step in this direction.

Bunker Ramo, whose sales revenues in 1977 totalled $341m with net income at $10.3m, or $1.64 a share, is engaged in the development, manufacture and sale and leasing of electronic information systems and components such as automated bank terminals. It also has a carpet manufacturing system.

At one point, around 90 per cent of its share capital was owned by Martin Marietta. This *company has steadily reduced* its stake to the 20.6 per cent which it is now selling to Fairchild at $23.50 a share in order to concentrate on its existing operations.

Bunker Ramo's earnings record *has been volatile, however,* and in 1975 it suffered a $13.9m loss. The information systems market in which it operates is however a rapidly growing, although very competitive, field.

UT appoints Carrier directors

BY JOHN WYLES IN NEW YORK

SEVEN DIRECTORS of United *Technologies Corporation* are expected to attend a board meeting of Carrier Corporation in Syracuse tomorrow in spite of the fact that their nomination *has twice been rejected by* Carrier's management.

But this opposition was apparently swept aside over the weekend by UT's exploiting *its now majority ownership of* Carrier to invoke Deleware law, under which Carrier is incorporated, to appoint its directors by making changes in the company's by-laws. Carrier, which abandoned its struggle against UT's $1bn takeover bid just before Christmas, appears to *have been surprised by this legal move which was accom*panied by publication of UT's tender proposals for the approximately 49 per cent of *Carier stock which it does not* yet own.

But the anti-trust division of the Justice Department is doggedly maintaining its challenge to the merger inspite of having so far failed to secure any court decisions to block it. The department said yesterday that papers had been filed seek*ing a "hold separate" order* which would keep UT's directors off the Carrier Board and bar completion of the second stage of the merger. A hearing on the department's application has been set for January 22—a delay *which is clearly frustrating the* anti-trust division.

UT said yesterday that if the *Justice Department won a "hold separate" order, then it would be prevented from voting its* Carrier stock and from conclud*ing the second stage of the* merger before the completion of the full anti-trust lawsuit launched by the Government. This could take years to reach a conclusion and UT said that such an order was "totally un*warranted" and that it would* be vigorously opposed.

Carrier's board authorised on *December 22 negotiations* on a tax-free exchange of securities for the second phase of the merger, but UT has again seized the initiative by publishing its own proposals at the weekend.

These are based on the issue of a new convert*ible* preferred stock with a par value of $50 a share and an annual dividend *of $4.25 a share. The conversion* premium would be at 50 per cent over UT's market price

American Standard looks overseas

NEW YORK — American Standard said some of its domestic building product *markets wil probably decline* this year but it expects increases in foreign markets, reports Reuter from New York. The projections were based on the assumption that there will be a definite slow*down in new residential con*struction in the U.S.

"At present we are looking for something on the order of 1.6m starts. However, we expect the rate of starts to hold steady in Europe and the total to be about 1.8m for the year," said Mr. William Boyd, senior vice president.

Modernisation expenditures are expected to grow faster than new construction in 1979 both in the U.S. and overseas, with an increase to about $40bn in spending for U.S. residential modernisation. U.S. non-residential construction should be almost the same in 1979 as in 1978, which *was 1.3bn sq ft of contracts.*

Rhinechem plan

Rhinechem Laboratories Board approved a plan to merge Miles Laboratories into Rhinechem, reports AP-DJ from New York. At the same time Rhonechem Laboratories will change its name to Miles Laboratories. Rhinechem, an indirect wholly owned subsidiary of Bayer AG of West Germany, *owns more than* 98 per cent of the outstanding common stock of Miles *Laboratories.*

CPI meeting

Canadian Pacific Investments directors were meeting yesterday to review the status *of the company's bid for full* control of MacMillan Bloedel, Canada's largest forest products company, Robert Gibbens writes from Montreal. CPI already owns 13.4 per cent of MacMillan and has *bid C$28* a share or one *CPI* convertible preferred for each MacMillan share. Each con*vertible preferred would have* a par vlaue of C$28, convertible for five years one-for-one with CPI common, and would pay a cumulative C$1.75 annual dividend for a 6.25 per cent yield. There would be normal purchase and redemption provisions. A statement was expected after *the CPI directors' meeting.*

National Paragon

National Paragon Corporation has decided to discontinue cash dividends on common *stock until* operations generate sufficient funds to cover both dividend payments and internal cash *require*ments, reports Reuter from New York. National Paragon established a regular quarterly dividend of 10 cents a share in October 1977, but omitted payment in the *December 1978* quarter. For fiscal first half ended September 30, Paragon *reported a net loss of $1.01* a share.

Resorts licence hearings start

BY DAVID LASCELLES IN NEW YORK

HEARINGS OPENED in Atlantic City, New Jersey, yesterday on Resorts International's application for a permanent licence to run its casino there. Resorts *has been* operating its casino, New Jersey's first, on a temporary licence since its opening last May.

The outcome of the hearing is crucial to the future of New Jersey's fledgling gambling industry, since it will indicate to all the other gaming concerns queueing to open up in Atlantic City just how severely the Casino Control Commission proposes to enforce the law.

Prominent will be the state's division of gaming enforcement which has already raised public *objections* to Resort's application, backed by a 115-page dossier alleging, among other *things, that the company has* had connections with organised crime, that it uses questionable sources of finance, and that it has already violated the state's gambing laws.

Resorts has vigorously denied these accusations, and has promised to refute them one by one at the hearings.

The company was, however fined $146,500 last week for offending gambling rules in *Atlantic City.*

Although it may be a while before the commission's decision is known, there is an air of optimism in Wall Street where gambling stocks have *now been high fliers for nine* months. Resort's shares lost over $10 on publication of the gaming enforcement division's accusations, but had recovered most of that loss by the end of last week.

One reason cited by analysts is the possibility that the division of gaming enforcement is being over-zealous for reasons which have more to do with politcial power play in the New *Jersey government than its con*cern for a well-ordered gambling industry.

The hearing could thus be a test of the division's influence.

● Harrah's, a Nevada gambling concern, does not intend to renew or extend its option on a 10-acre site in Atlantic City *beyond the January 19 expira*tion date.

MGM gaming growth

*CULVER CITY — The presi*dent of Metro-Goldwyn-Mayer, Mr. Frank Rosenfelt, said the *company is entering a "poten*tially explosive earnings growth" period in the next five years from its hotel-casino operations.

He also said MGM has "no intention whatsoever" getting out of the *film* business.

He was speaking at MGM's weekend annual meeting, where shareholders approved the previously announced two-for-one stock split.

The meeting marked the departure of Mr. Kirk Kerkorian a major *shareholder,* as a director and vice chairman of the Board *because of his 20* per cent stake in Columbia Picture Industries.

Mr. Kerkorian did not attend the meeting but his holding of 51 per cent of the shares, he *was able to elect the entire nine*-man Board of directors.

He did not stand for re-election because—MGM by-laws prohibit a *substantial* stockholder of another film company from serving on its own Board.

Mr. Rosenfeld said there are no present plans to fill Mr. Kerkorian's seat on the Board.

Mr. Rosenfelt said that both films and gaming operations are jointly responsible for MGM's *rising* profits. Furthermore, the film industry is experiencing a "*quantum leap forward in* profit potential."

Reuter

EUROBONDS

Peugeot-Citroen issue

BY JOHN EVANS

THE FRENCH vehicle group, *Peugeot-Citroen, is floating* a French franc Eurobond issue of FFr 150m on the international markets.

Indicated coupon is 9¾ per cent, with an eight-year maturity. Average life is 6.66 years.

Managers are Lazard Freres and Societe Generale, and final terms will be known on January 18. The last issue in the French sector of the Eurobond was *from* Elf-Aquitaine, whose 10-year 9¾ per cent offering was priced at 99½ to yield 9.83 per cent.

In Deutschemarks, the DM 100m private placement for New Zealand will be for seven *years with* a six per cent coupon. Issue price is indicated at 99½ per cent, and manager is Commerzbank.

Meanwhile, Deutsche Bank is expected to announce shortly a DM 100m offering for Nippon *Telephone* and Telegraph, carrying a government guarantee.

In secondary bond markets, dollar straight-debt issues were mixed in thin trading, extending the steadier undertone established Friday after the sharp price correction of the last week or two.

A certain amount of light demand was noted for good-quality issues where the latest decline in prices has established yields near the key ten per cent *benchmark.*

Investor interest tended to dry up later, however, when the U.S. bond markets opened up with sharp losses, on renewed concern about the American economic and monetary outlook.

Among the newest entries to the bond market, Bank of America International yesterday commenced trading as an official AIBD market-maker in the straight Eurodollar bond market.

A series of banks and investment houses, of which Bank of America is the latest, is planning to enter, or become more active, in the Eurobond market in the opening months of the year.

In parallel markets, meanwhile, Merrill Lynch International Bank has just launched a $20m floating rate certificate of deposit for Fuji Bank. The three-year FRCD has a margin ½-point over interbank rates.

● Turnover of Cedel, the Luxembourg-based Eurobond clearing system, rose margin*ally to a preliminary $39.74bn* equivalent last year from $38.55bn in 1977, while the number of participants *in*creased to 939 from 847, according to Cedel general manager M. Gerard Soisson.

A service to clear Japanese Samurai bonds is planned for the second quarter of 1979, he added.

WEST GERMAN STOCK MARKET

Sharp upsurge in foreign investment

BY GUY HAWTIN IN FRANKFURT

GERMAN EQUITIES performed well in 1978, with prices surging towards an *eight-year* high, in mid-November and stock exchange turnover also *up substantially.* One *notable* feature was a sharp increase in the volume of investment from abroad, with a net DM2.3bn worth of German shares purchased by foreigners in the first nine months. This *was nearly double the figure* for the same period of the previous year, and a clear reflection of the attractions of the strong D-mark.

Commerzbank, West Germany's third largest commercial bank, estimates that stock exchange turnover during 1978 will have totalled some *DM 30bn ($16.45bn)*—10 per cent higher than the DM 27.6bn of 1977.

Leading the field last year was the insurance sector, which rose by over 12 per cent, spurred by the continued growth of premium income. Also showing sizeable increases were motor, engineering, and *construction stocks, while steels* and chemicals were among the laggards. Consumer-oriented shares, electricals and utilities, however, ended the year lower.

The market's high point in 1978 was reached on November *19* when the Commerzbank index—the oldest in the Federal Republic (1952=100)—rose to *864. This compared with 787.6* at the end of 1977 and 727.4 at the end of 1976. However, things tailed off in December and the index ended the year at 817.2, although the market is hopeful of a renewed improvement in *1979.*

There is nothing particularly unusual in the end-year *decline.* Not only do the Germans take Christmas and the New Year very seriously, but the banks and financial *institutions which are* the country's main traders are at the end of their financial years.

However, the latter part of 1978 has been somewhat marred by disturbing developments at home and overseas which, according to some analysts here, have unsettled the market. The decline of the *dollar,* unrest in Iran which many Germans saw as an increasingly important export market, and the West German *steel strike have all served to* induce caution.

German share prices soared to an eight-year record in November, but buyers later lost their confidence and the market index ended 1978 with no more than a minor increase. But encouraging economic news could well overcome the end-year scepticism and prompt a further upturn this year.

Perhaps one of the most disarming German traits is their unwillingness to express much faith in what is clearly Europe's most powerful and resilient economy. And faced with unrest overseas, and union rhetoric at home, they appear to have *brushed aside favourable indi*cations both from industry and national economic institutions.

The annual report of the so-called "five wise men"—a panel of leading economists—foresaw a real increase of between 3.5 per cent and 4 per cent in the gross national product compared with 1978's 3 per cent. At *the same time, it predicted* a gradual switch from capital investment in rationalisation to expansion projects. Wage settlements this year were also expected to be moderate.

From industry, there have *been many* reports reflecting renewed optimism, despite the currency difficulties. Paper manufacturers, for example, are on record as saying that the collapse of the market in 1975 has now been surmounted and *that 1978's earnings should see* a return to the 1973 and 1974 levels.

The chemical industry, which has been through two very thin years, is also sounding much more hopeful. Though signs of recovery *are* by no means strong, third quarter profits have shown a considerable advance on the levels of the corresponding quarter of 1977 and the tenor of the statements from the "big three"—BASF, Hoechst and Bayer—is markedly more optimistic than six months ago.

Encouraging company news from other sectors—notably cars and engineering—in the past couple of months have still failed to shake investors from their lethargy

At the same time such solid shares as Siemens and Volkswagen have suffered from events outside their control and which *are unlikely to have much effect* on their future performance. In Siemens' case, the share price was affected by unrest in Iran, the Austrian referendum vote against nuclear power stations, and disappointment that its long-established dividend rate was to be maintained rather than increased. Its rights issue also failed to meet the expectations of some investors.

Volkswagen, on the other hand, was affected by the news *that its plans to take a stake* in the Nixdorf computer company had fallen through.

In the event, West Germany's largest commercial bank, Deutsche Bank, took a 25 per centage stake in Nixdorf, for which the company is to receive some DM 200m. Some analysts are pleased at the prospect that these shares could be placed on the market by June 30, 1981—thereby actually adding a new share to an official list which is more noted for deletions.

Nixdorf, however, remains *firmly in family hands* and the Deutsche Bank deal gives the family the option of acquiring the bank's shares on its own behalf. Knowing the Nixdorf family, it seems unlikely that the shares will end up in investors' hands unless there is a substantial change of policy.

But in spite of the end-of-the-year scepticism, the feeling is that—the difficulties of the dollar and the Shah apart—the new year holds good prospects for an upturn in German equities. Apart from the encouragement that the economic forecasters are holding out to the engineering and capital equipment manufacturers, there *also appear to be worthwhile* recovery prospects on the chemicals side. So far, the index has recovered to just over the 826 marks, but, with many Germans still enjoying their skiing holidays, things are likely to remain quiet for some time.

Volvo chief defends Norway deal

BY WILLIAM DULLFORCE IN STOCKHOLM

VOLVO'S CHAIRMAN, Dr. Tore Browaldh, yesterday rejected *criticism from key shareholders* of the agreement under which the Swedish car and truck manufacturer is to sell a 40 per cent holding to Norway for Sk750m ($173m) in equity capital and Sk200m in "compensation."

At the same time the Volvo board announced it would collect proxies from share*holders in favour of the* Norwegian agreement.

"It is of vital importance that as many shareholders as possible are able to make their voices heard at the extraordinary general meeting," Dr. Browaldh said.

The chairman's defence came as the Board of the Swedish Small Shareholders' Association (SARF), which held 29 per cent of the voting rights at the last Volvo *general meeting, met to* decide its position on the Norwegian deal. The association will announce its opinion and intentions today.

A negative vote from 33.4 per cent of the shareholders would be enough to defeat the Norwegian purchase at the extraordinary general meeting to be *held on January 30. Other* shareholders, including the *managing directors of* the Custos Investment Company (2.4 per cent of the stock) and the Skandia Insurance Company (1.4 per cent), have expressed doubts about the agreement with the Norwegians as signed by Mr. Pehr Gyllenhammar, Volvo's managing director.

Dr. Browaldh said suggestions that Volvo could raise sufficient new share capital on the Swedish market without *recourse to Norway* were unrealistic and based on misunderstandings of the Volvo agreement with Norway. This would provide the company with SKr 750m in new share capital immediately and enable the Board to at once take strategic decisions on new product investments.

The issue of convertible bonds to shareholders proposed as an alternative could not re*place the new equity capital* ensured by the Norwegian agreement. Until converted, the bonds would lower the company's equity-to-debt ratio, whereas the Board's intention was to consolidate the equity enough to justify ambitious investment decisions.

The critics were also confus*ing the demands made on* Volvo's cash *flow* by the Nor*wegian deal with the equity* build-up, when they stated that a domestic Swedish solution to the company's financial needs would call for new equity of only Skr 450m compared with the Skr 750m raised by the Norwegian share purchase.

Three-quarters of Volvo's commitments to invest in Norway under the five-year industrial plan, which forms part of the Norwegian deal, would be *financed by borrowing. Even if* the Norwegian agreement were abandoned and purely Swedish finance sought, the company would still need to raise Skr 750m in new equity capital.

Dr. Browaldh also reminded critics that the sale of Volvo stock to Norway was intimately linked with the agreement *between the two governments,* which ensures Sweden of long-term oil supplies

The Volvo *agreement* had strong support in the Swedish Parliament and among the trade unions. It would be very regrettable if eleventh-hour doubts about the agreement from some shareholders should be interpreted as opposing capital interests on the one hand to those of wage-earners and *society on the other,* the Volvo chairman concluded.

Scheme for Nederhorst restructure

By Charles Batchelor in Amsterdam

THE DUTCH Ministry of Economic Affairs has made new proposals for the restructuring *of the Nederhorst building* group in an attempt to break a three-year deadlock over the future of the company. The state and the trading and construction concern OGEM have until January 23 to reach agreement.

A court decision on a further extension of a payments moratorium for Nederhorst will be made then

The state and OGEM stepped *in to rescue Nederhorst from* collapse in 1975, signing a letter of intent which left settlement *of the financial details* until later. They subsequently worked out a provisional restructuring plan under which OGEM and the state would each put up Fl 50m ($25m) of share capital and for the two parties to provide subordinated loans of Fl 25m and Fl 75m respectively.

The state was also to provide *financial guarantees for Neder*horst.

Sandoz chief says income upset by rising Swiss exchange rate

BY JOHN WICKS IN ZURICH

THE EFFECT on earnings of a high Swiss franc exchange rate is expected to have led to a fall in group profits for the Basle-based chemical concern Sandoz. According to a new year letter from parent-company chairman Dr. Yves Dunant, to shareholders and staff, most affiliates showed a drop in profits for the first three-quarters of 1978. In calendar 1977, group profits had risen sharply from SwFr 144m to SwFr 214m ($130.5m).

The Swiss parent undertaking, Sandoz AG, is seen as showing a net result similar to that of SwFr 78m recorded for 1977. Additional rationalisation and economy measures have been made to offset price cuts which had to be made for a number of products.

In terms of local currencies, turnover rose in every division of the Sandoz group last year. The move in exchange rates, which became more marked in the second half of the year, led to a decline in Swiss franc sales, however, in every sector except that of agro-chemicals.

Pharmaceuticals, the group's most important division, experienced a 12 per cent increase in local currency turnover in the first 11 months of 1978 while sales dropped by 9 per cent in terms of the stronger Swiss franc. This development was aggravated by the freezing of pharmaceutical prices on certain national markets.

The discrepancy was even greater for dyestuffs, where January-November group turnover was up by 4 per cent in local currencies but lower by as much as 15 per cent in Swiss francs. This sector additionally suffered from the loss of Swiss competitive ability and a stagnating textiles market.

While the agro-chemical sales of the group went up in Swiss francs by 4 per cent during the period, the corresponding rise in local currencies was up to 33 per cent, business having profited from climatic conditions. In the seeds division, sales rose 10 per cent in local currency (primarily dollars) but dropped 15 per cent in Swiss francs. The foods division showed a 3 per cent fall in Swiss franc sales but "satisfactory results in view of conditions prevailing."

The letter states that like all other Swiss undertakings, Sandoz is faced with difficult problems on all fronts. However, the company expresses its determination to overcome these and stresses the concern's healthy financial basis.

Bruxelles Lambert to pay same dividend

GROUPE Bruxelles Lambert, the holding company for the Bruxelles Lambert banking and financial group, will propose a net dividend of BFr 90 a share for the nine months to September 30, 1978 which is the same as that paid for the year 1977.

The group, which is bringing its financial year end into line with the Banque Bruxelles Lambert, reports consolidated net income for the nine months of BFr 2.29bn ($79m) while attributable net income emerged at BFr 1.06bn. Depreciation and other allowances charged for the period totalled BFr 1.74bn.

In a statement the group explained that larger constituent group companies had elected to change their year ends to September 30. At end September, net asset value per share was BFr 4,372 compared with BFr 3,097 a year earlier.

● The volume of transactions on the Paris Bourse in 1978 rose 77 per cent to FFr 85.19bn, the French stockbrokers' association reports. Transactions totalled FFr 31.96bn in the forward market and FFr 53.23bn in the cash market, compared with FFr 14.4bn and FFr 33.73bn respectively in 1977. Reuter

Swiss insurers lift premiums

PREMIUM INCOME of Switzerland's 98 private-enterprise insurance and reinsurance companies amounted to a combined SwFr 18.5bn in 1977. This marks a rise of 4 per cent over the SwFr 17.7bn recorded for 1976. Claim payments added up to some 52.1 per cent of the premium sum.

Foreign business continued to play an important role in the overall activities of Swiss insurers. The Federal Insurance Office puts the share of premiums originating outside Switzerland as having risen from SwFr 9.8bn to SwFr 10.1bn over the year.

Chase Manhattan Asia venture seeks to widen deposit base

BY ANTHONY ROWLEY IN HONG KONG

CHASE MANHATTAN Asia, a merchant banking subsidiary of the U.S. banking group, launched an "inovative deposit instrument" yesterday, in the form of an automatically renewable non-negotiable certificate of deposit.

The merchant bank, which is also registered as a Deposit Taking Company—a quasi-bank—here said the new instrument is "a high-yielding time deposit product that will automatically renew upon maturity for a similar deposit period as the initial one."

The move is regarded as an attempt by Chase Manhattan to widen its Hong Kong-dollar deposit base so that it will not have to rely so heavily in future upon expensive inter-bank funds, as most foreign banks here do. There could well be more foreign banks issuing similar instruments in future.

Now that the three-months interbank rate is about three points over the prime lending rate of 9.5 per cent, foreign banks registered here as Deposit - Taking Companies (which are not subject to the same restraint on deposit rates as commercial banks) are becoming more aggressive in competing for public funds, although they are limited to accepting minimum deposits of HK$50,000 (US$10,526).

Instruments such as Chase's new non-negotiable CD yield about 50 per cent more (subject to a "guaranteed" minimum) than a comparable time deposit offered by a commercial bank but the US bank still finds funding its requirements this way cheaper than going to their inter-bank market. It is attracted by the increased stability and maturity of a spread of public deposits over interbank funding.

Big investment plans by Clal Industries

BY L. DANIEL IN TEL AVIV

CLAL INDUSTRIES Israel's largest privately-owned industrial conglomerate is set for a sharply increased investment programme in 1979. Plans made so far call for the commitment of I£475m ($26.38m) compared with only I£150m in 1978 and I£100m in 1977. Even taking into account Israel's present 50 per cent inflation rate, the projected investment will therefore be double that of the past year.

Like its parent company, Clal (Israel's biggest investment company) Clal Industries goes in for great diversification so as to spread the risk arising from fluctuations in the local and export markets.

The range of its activities is indicated by the breakdown of the proposed investments: the largest single commitment, I£195m, is for the development of new quarries and the installation of modern equipment in the concern's existing three cement plants.

Israel cement production, entirely in the hands of Clal Industries, is already insufficient to meet all demands, and, with massive construction work in the offing as a result of the expected signature of the Egyptian-Israeli peace treaty (new military bases, relocation of settlements etc.) this will become more acute. Plans are therefore in an advanced stage for a fourth cement plant.

Second in importance rank investments of I£116m in its metal division which produces inter alia steel, fittings, aircraft parts and vehicles.

Despite the sluggishness of world markets more than I£180m are earmarked for the company's textiles plants. But the accent will be on special items which have done particularly well (the Keitan concern with large overseas sales of bed-linen and "chemical fibres" with its acrylic products).

But perhaps the most interesting division is the electronic one. Several of Clal's electronic plants are now putting into production the fruits of their own research and development. There is Beta Electronics which has developed an electronic control system for sewing machines with a computer "steering" the machines. An initial $1.5m order is already on hand from the U.S.

Another firm, ECI, has developed a system whereby an existing telephone line can carry more calls, while Scitex, which some years ago interested international markets with a revolutionary system for printing textiles, is now bringing out a new generation of even more sophisticated equipment.

And just for variety there is Sunfrost, a firm producing frozen vegetables and fruits. Fifty per cent of the equity in this company is held by American investors.

It is too early as yet to predict the total addition to turnover which these investments will yield but already in 1979, turnover is expected to reach I£10bn which would represent a gain of 25 per cent on 1978 in real terms.

Plantation takeover talks called off

HIGHLANDS and Lowlands Berhad, Malaysia's fourth largest plantations group, has called off its takeover talks with three Hong Kong-based rubber estate companies, the Rubber Trust Company, Amalgamated Rubber Estates, and the Shanghai Kelantan Rubber Estate (1925) Company.

Highlands and Lowlands began discussions several months ago with the three companies, whose plantation assets are in Malaysia but are listed in Hong Kong and are controlled by the Kadoorie family.

After the three indicated that the original terms were unacceptable, both camps bought shares in the three companies on the Hong Kong stock markets, but no significant holdings were built up on either side. Highlands and Lowlands indicated during the weekend it was prepared to revise its offers, but the revised proposals were again rejected.

Then yesterday Baring Brothers Asia and Amex Bancom issued a statement on behalf of Highlands and Lowlands, expressing "regret that they have been unable to agree on a basis for discussion with the rubber companies, and that the offer on the part of Highlands and Lowlands to negotiate on any aspect of the proposals was not taken up. Under the circumstances, the discussions with the rubber companies must be considered to be terminated."

Schroders and Chartered, advisers to the three companies, said Highlands and Lowlands had not specified what proportion of the revised offers would be in cash and what part represented by the realisation units.

These units could be realised as cash in 10 years' time and, meanwhile, would yield no income and would not be listed securities. Their realisation value would be based on valuations of the development value of certain plantation lands belonging to the three offeree companies at the time of the bid, and would not reflect the actual realised development value

Woolworths profits up in South Africa

BY JIM JONES IN JOHANNESBURG

THE SOUTH AFRICAN stores chain, Woolworths, in which Marks and Spencer has a 4.8 per cent stake, raised pre-tax profits by 7.2 per cent in the half-year to November 23, to R10m ($11.5m). This fulfils the generally-held expectation that Woolworths will report steadily increasing profits, regardless of trading conditions.

The directors' concern over the way in which trends are developing is, however, expressed in their interim report.

Compared with the corresponding period of 1977, turnover notched up a 15.5 per cent increase to R76.1m ($88.5m), but of this, 3.3 per cent was due to the 4 per cent general sales tax introduced in July, 1978, meaning that turnover on which profits were earned only rose by 12.2 per cent.

The period covered by the interim report does not include the normally buoyant Christmas week.

Relatively low buoyancy in consumer spending left Woolworths with excessive stocks, and necesary write-offs cut the growth in pre-tax profit to 7.2 per cent.

With emphasis on improving existing stores, Woolworths has capital commitments of R2.1m, and a virtually debt-free balance sheet. Improvements and expansion will be financed from internal sources and the group's liquidity has permitted an improved interim dividend of 8 cents (1977: 7 cents). Assuming that the final is increased by a like amount to 13 cents, the shares at 475 cents stand on a 4.4 per cent prospective yield in Johannesburg.

Investments aid Batu Kawan in drought year

BY WONG SULONG IN KUALA LUMPUR

BATU KAWAN, one of the plantation groups controlled by Senator Lee Loy Seng, has reported a pre-tax profit of 14.6m ringgits (US$6.6m) for the year to last August.

This is only 2.6 per cent less than the previous year, with the effects of the drought on Malaysia's plantations largely offset by the substantial contribution from its investment income.

Profits from the group's estates were 5.7m ringgits, or 70 per cent of the previous year's figure. However, the overall profit picture was balanced by the contribution from investments which increased by 2m ringgits to 8.9m.

A final dividend of 7.5 per cent is proposed, making an unchanged 12.5 per cent for the year.

ICI New Zealand helped by export successes

BY DAI HAYWARD IN WELLINGTON

ALTHOUGH TOTAL sales of ICI New Zealand dropped by NZ$1.2m in the year ended September 1978 to NZ$ 117.2m (U.S.$ 125m), profit increased by 1.8 per cent to NZ$ 5.15m (U.S.$ 5.5m). However, the profit figure was boosted by NZ$ 726,000 from the Government's trading stock tax concessions which applied for the early part of the year.

Despite depressed trading conditions within New Zealand which particularly hit the company's sales of building materials, wallpapers, cosmetics, fashion-wear accessories, sporting ammunition and other consumer products, the company maintained its profit situation by successes in the export market.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on January 8

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aga Akt. 8¾ 83	25	94	94½	0	−0⅛	10.21
Australia 8.45 83	175	96¾	96⅞	0⅛	−0⅞	9.93
Australia 9¼ 93	75	97½	98¼	−0⅛	−0⅛	9.62
Beatrice Foods 7¾ 83	100	93	93½	+0⅛	−0⅞	9.72
CECA 8¾ 87	50	92¾	94¾	0	−0⅛	9.81
CECA 9 93	25	95¾	96¾	0	−1	[illegible]
CECA 9¼ 98	25	97¾	98¼	−0⅛	−0⅞	9.47
CFCA 9¾ 84-99	50	95¾	95⅞	−0⅛	−0⅛	9.87
CNT 9 93	75	94	94½	−0⅛	−1⅛	9.75
Canada 8 83	250	93⅞	94¾	0	−0⅞	9.56
Canada 8.20 85	250	92¾	93¼	−0⅛	−0⅞	9.66
Canada 9 83	400	97¼	97¾	−0⅛	−1⅛	9.69
Canada 9¼ 98	350	97⅞	98⅛	0¼	−0⅛	9.70
Canadair 8½ 83	70	93⅞	84⅜	+0¼	+1⅛	10.18
Dominion Bridge 9 88	25	93½	94	0	−0⅛	10.22
EIB 9¾ 98	125	96¼	96¾	+0⅛	−0⅛	9.74
Ekspordinans 9 88	50	95½	96¼	0	−1¼	9.87
Finland 8¾ 83	100	95¼	95¾	−0¼	−1¼	10.16
Finland 9 88	100	94¾	95¼	−0⅛	−0⅛	10.05
Hospital O/S 9 83	25	96¾	96¾	0	−0⅛	9.94
Itel Finance 9¾ 90	20	91¼	91¾	+0¼	−1⅛	11.06
J. C. Penney 8½ 83	100	94½	95	−0⅛	−1⅛	9.96
NZ Dev. Fin. 8½ 83	20	43½	93¾	+0¼	−0⅛	10.00
NZ Dev. Fin. 8¾ 85	20	93	93½	+0⅛	−0⅛	9.63
Nat. West. 9 86	75	96⅞	96¼	+0⅛	−1	9.66
Newfoundland 9¼ 90	50	95½	96¼	−0⅛	−1⅛	9.83
Nord Inv. Bk. 8¾ 88	25	95⅞	95¾	−0⅛	−0⅛	9.50
Norges Komm. 9¼ 88	75	95½	96¼	−0⅛	−1⅛	9.83
Norsk Hydro 9¼ 94	50	96⅝	96¾	+0⅛	−1⅛	9.78
Norway 7⅞ 83	250	92½	93	+0⅛	−0⅛	10.00
Norway 8¾ 83	150	95	96¼	0	−1⅛	10.01
Occidental 8⅞ 85	75	91¾	92¼	0	−1	10.64
Ont. Hydro 8½ 85	125	92⅞	93⅜	−0⅛	−1⅛	9.99
Quebec Hydro 9½ 93	50	96½	97	−0⅛	−1⅛	9.92
Sweden 9¼ 98	125	97½	98¼	+0⅛	+0⅛	9.71
UK 9¼ 85	200	94¼	94¾	−0⅛	−1⅛	9.62
UK 8⅞ 93	150	95½	96¼	−0⅛	−1	9.82

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Argentina 6½ 88	150	95⅞	96⅜	0	+0⅛	7.06
Australia 6 88	250	100¾	101¼	−0⅛	−0⅛	5.88
Austria 5¾ 90	150	94¼	94¾	−0⅛	−0⅛	6.43
Bankamerica 5¾ 90	150	99¼	99¾	+0⅛	0	5.81
Bq. Ext. Algerie 7¼ 85	100	96½	97	−0⅛	−0⅛	7.88
Brazil 7¼ 87	150	100⅛	100⅝	0	+0⅛	7.16
CECA 6 88	150	97	97½	−0⅛	−0⅛	6.38
Canada 4¾ 83	600	98⅜	98⅝	−0⅛	+0⅛	5.13
Ch. Manhttn. O/S 6 93	100	101¼	101¾	−0⅛	−0⅛	5.84
Commerzbank WW 3½	100	104½	105½	0	+1⅛	2.89
Commerzbank XW 3½	100	82¼	83	0	−0⅛	5.95
Copenhagen City 6 90	75	94½	95	−0⅛	−0⅛	6.65
Council of Europe 6½	100	98⅛	98⅝	−0⅞	−1⅛	6.34
Council of Europe 6¾	130	98	98½	+0¼	+0⅛	6.49
EIB 6 90	300	95⅞	96⅜	0	−0⅛	6.48
Finland 6 83	150	98⅞	99⅜	−0⅛	0	6.24
Hitachi Ship. 5¾ 83	50	100⅞	101⅜	−0⅛	+0⅛	5.48
IBJ 5 84	100	99¼	100	0	0	5.09
Indonesia 7 84	100	97½	98	0	+0¼	7.49
Kobe, City of 5¾ 88	100	100⅛	100⅞	0	+0⅛	5.66
Mexico 6 85	200	97½	98	+0⅛	+0⅛	[illegible]
Mitsubishi Petro. 5¾ 85	100	101⅜	102⅛	−0⅛	+2	5.40
New Zealand 6¼ 87	200	98⅞	99⅜	−0⅛	0	6.41
Nippon Steel 5¾ 85	100	101⅛	102⅛	+0⅛	+2	5.38
Nordic Inv. Bk. 6¾ 86	60	†98¼	98¾	+0⅛	+0⅛	6.52
Norges Komm. 6 90	100	97¼	97¾	+0⅛	−0⅛	6.31
Norway 4½ 83	250	97	97½	−0⅛	+0⅛	5.11
Norwegn. Ind. Bk. 6 90	125	97⅜	97⅞	0	−0¼	6.29
Occidental 6¾ 90	150	97½	97	−0⅛	−0⅛	7.03
OKB 6½ 88	100	101½	102	−0⅛	+1⅛	6.26
Petroleo Brazil 7 88	100	98⅞	99⅜	0	+0⅛	7.12
PK Banken 5¾ 88	100	93¾	94¾	+0⅛	+0⅛	[illegible]
Quebec, Prov. of 6 90	150	95⅞	95⅞	0	−0⅛	6.55
Ricoh 6½ 83	30	101½	102¼	0	+1½	4.78
Spain 6 88	200	94½	95	0	−0⅛	6.77
Statoil 6 88	150	98	98⅝	0	−0⅛	6.22
UDS Group 5¾ 83	65	97¼	98¼	0	+0⅛	6.25
Union Bank-Finn. 6½ 88	50	†97	97½	—	—	6.89
Venezuela 6½ 90	150	94½	95	−0⅛	+0⅛	7.17
World Bank 6¾ 88	400	97¾	98⅛	0	0	6.53

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Acesa 5⅛ 88	40	105¼	106	+0⅛	+1⅛	4.51
Amer. Exp. Int. 3½ 93	40	100½	100¾	−0⅛	+0⅞	3.45
Arlberg Tunnel 4 93	40	101¼	101½	−0⅛	+1½	3.87
Austria 3½ 93	100	97⅞	98⅜	−0⅛	+2	3.68
Brazil 4¾	100	98⅜	98⅞	−0⅛	+1⅛	4.44
Chase Manhattan 4 93	70	104	104¼	−0⅛	+1	3.63
Council of Europe 4⅛	100	102	102¼	−0⅛	−0⅛	4.02
Bankamerica 3¾ 93	80	101½	101¾	−0⅛	+0⅛	3.61
BNDE 5 88	75	102	102¼	−0⅛	+0⅛	4.72
Denmark 4½ 90	100	104⅜	104⅞	−0⅛	+0⅛	3.99
Denmark-Mortgage Bk.	80	102½	103	−0⅛	0	4.19
EIB 4¼ 93	100	101⅜	101⅞	−0⅞	+0⅛	4.09
Euratom 4¼ 93	80	101½	101¾	−0½	+0⅞	4.10
F. L. Smidth 4½ 89	25	102¼	102¾	0	+1	4.20
Finland 4½ 93	60	103¼	103¾	0	+0⅛	4.18
First Chicago 3½ 93	70	†98½	99	−0⅛	−1⅛	3.61
GZB 4½ 93	100	†103¾	104	+0⅛	+1⅞	4.14
Hilti-Liechtenstein 4¾	25	104¼	105¼	−0⅛	+0¼	3.81
ICI Fin. NV. 4¾ 93	100	105¾	105⅞	+0⅛	+1⅛	3.74
Malaysia 4¾ 90	80	100	100¼	0	+0½	4.73
Manitoba 4 93	100	103	103½	−0½	+1⅛	3.70
Newag 4 93	70	102¼	102½	−0⅛	+2⅛	3.78
Norges Komm. 4¼ 90	100	103¼	103½	−0⅛	+1	3.88
OKB 4 93	80	100⅞	101⅜	−0⅛	+1⅛	3.89
Oy Nokia 5 90	20	103½	104½	−0½	+1⅛	4.54
Safe 4¾ 93	30	102½	103	−1	+0⅛	3.89
Sandvik 4 90	85	101¾	102¼	−0⅛	−0⅛	3.79
Sees 4½ 88	15	†103	104	0	0	4.04
Voest-Alpine 4½ 93	100	103½	104	−0⅛	+1⅛	4.15
Voralberg Kraft 4 93	30	101¾	102¼	−0⅛	+0¼	3.82
Vienna 4 93	100	101	101½	−0⅛	0	3.90
World Bank 4¼ 93	250	102⅜	102⅞	−0½	+0⅛	4.00

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk. 5¾ 88	15	96⅞	97⅜	+0⅛	+0¼	6.18
BFCE 6.4 90	30	95	96	0	0	7.10
Eurofima 6.3 90	10	96	97	0	−0⅛	6.86
Norway 5.7 83	25	100⅞	101⅞	0	+0⅛	5.40
Sweden 6.3 90	40	94⅝	95⅝	0	−0⅛	7.05

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Rank O/S Hold. 11½ AS	12	95¼	96½	0	+0⅛	12.71
Auto Cote B. 7 93 EUA	15	96½	96½	+0½	−0⅛	7.47
Copenhagen 7 93 EUA	30	95¾	96½	+0⅛	+0⅛	7.47
Finland Ind. 7 93 EUA	15	95½	96½	0	−0¼	7.48
Komm. Inst. 7½ 93 EUA	15	97¾	98⅝	0	−0⅛	7.71
Panama 8¼ 93 EUA	20	96¼	96¾	0	−1⅛	8.70
SDR France 7 93 EUA	22	96½	97½	0	−0⅛	7.34
Algemene Bk. 6¾ 83 Fl	75	93½	94½	+0¼	+2½	7.95
Brazil 7½ 83 Fl	75	94⅛	94⅞	0	+0⅛	9.02
CFE Mexico 7¼ 83 Fl	75	96⅞	97⅝	0	+0⅛	8.48
EIB 7¾ 85 Fl	75	94½	95¼	+0½	+1½	8.26
Neder. Midd. 6½ 83 Fl	75	93½	94¼	−0⅛	+1	8.20
New Zealand 6¾ 84 Fl	75	92¾	93¼	+0¼	+1⅛	8.38
Norway 6½ 83 Fl	100	93	93¾	+0⅛	+1	8.41
OKB 6½ 85 Fl	75	90¾	91½	+0⅛	+1	8.34
Elf Aquitaine 8¾ 88 FFr	150	88¼	89	0	+0⅛	9.85
EIB 9¼ 88 FFr	200	98¾	99¼	0	+0⅛	9.90
Unilever 10 85 FFr	100	101¼	101⅞	+0¼	+1¼	9.88
BAT 8 88 LuxFr	250	95⅛	96⅛	−0½	+0⅛	8.64
Bayer Lux. 8 86 LuxFr	250	95¾	96¾	−0⅛	+0⅛	8.70
EIB 7¾ 88 LuxFr	250	95⅛	96⅛	0	+0⅛	8.34
Finland I. F. 8 88 LuxFr	250	95⅞	96⅞	0	+0½	8.56
Norway 7¾ 83 LuxFr	250	96¼	97¼	+0¼	−0⅛	8.55
Norges Km. 8 88 LuxFr	500	†99	100	+1¼	+2	8.09
Renault 7¾ 88 LuxFr	500	97¼	98⅛	0	−0¼	8.11
Solvay Fin. 8 85 LuxFr	500	100⅞	101⅞	0	+0⅛	7.77
Swedish Bk. 8 88 LuxFr	500	99¼	100¼	−0⅛	−0⅛	8.05
Gestetner BV 11 88 £	10	90	91	+0⅛	+1⅛	12.77
Whitbread 10½ 90 £	15	85¼	86¼	0	+0⅛	12.85

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
American Express 82	0¼	98⅞	99½	20/4	10⅛	10.72
Arab Ind. Bk. M6.5 83	0⅛	95¾	96¼	31/1	9⅛	9.77
BFG Fin. Co. M5.5 89	0¼	98¾	99¼	12/1	—	—
Bco. El Salvador M8 83	1¼	96½	97	12/4	11.31	11.69
Bco. Nac. Argnt. M8 83	0⅛	97¼	97¾	21/1	9½	9.62
Bank Handlowy M8 88	1½	97⅞	97⅞	25/11	12.84	13.25
Bank of Tokyo M5½ 93	0¼	96½	97	18/4	10⅛	10.65
Banque Worms M5½ 85	0½	98	99½	15/6	12	13.21
Bq. E. d'Alg. M8.375 84	0¼	96½	97	9/2	9⅝	9.95
Bq. E. d'Alg. M7.5 83	0⅛	95⅛	95⅞	2/5	12⅝	13.35
Bq. Indo et Suez M5½	0¼	98¼	98¾	25/1	9¼	9.52
Bq. I. Afr. Occ. M6.5 83	0¼	97½	97⅞	12/1	9⅜	9.60
CCCE M5.25 98	0¼	97½	97¾	3/2	9.19	9.41
Ch. Man. O/S M5¼ 93	0¼	97¼	98½	27/1	9.31	9.50
Credit National M5¼ 88	0¼	98	98½	11/1	9.19	9.35
Gotabanken M6 88	0¼	97¼	97¾	15/6	12.31	12.63
Ind. Bk. Japan M5½ 85	0⅛	†96⅞	99⅜	1/6	12.35	12.46
Ljubljanska M7.75 85	1	95⅝	96⅛	19/1	10¼	10.68
LTCB Japan M5¾ 85	0¼	98½	99	9/5	12.06	12.22
Midland Intl. M5½ 93	0¼	97⅞	98⅛	20/1	9.44	9.62
Nat. West. M5½ 90	0⅛	97⅞	98⅜	21/6	12½	12.74
Nipp. Crdt. Bk. M5.5 85	0¼	98⅝	99⅛	22/6	12.81	12.96
OKB M5¾ 88	0⅛	99⅞	100⅜	18/4	10.56	10.55
Offshore Mining 86	0¼	98¾	99¼	19/1	9.44	9.53
Privredna Banka M8 86	0⅞	95¼	96¼	22/6	13.44	13.96
Standard Chrt. M5.5 90	0¼	97	97½	10/2	8.94	9.19
Sundsvallsbnkn. M6 85	0⅛	96½	97	4/4	10.06	10.40
Utd. Overs's Bk. M6 83	0¼	98½	99	4/5	12.31	12.47

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Asics 5¾ 93	9/78	628	102½	103½	−0¼	9.11
Baker Int. Fin. 5½ 93	1/79	34	103¾	105	−0⅛	9.19
Boots 6¾ 93	2/79	2.16	93⅞	94⅞	+0¼	−1.95
Coca-Cola Bottling 6¾	4/79	9	91	92⅛	−0⅛	22.17
Ito-Yokado 5¾ 93	6/78	1473	131½	132½	+1⅛	1.11
Novo Industri 7 89	4/79	259	89¼	90½	−0⅛	3.84
Texas Int. Air. 7½ 93	4/79	14.5	91	92¼	+0⅛	9.53
Thorn Int. Fin. 7 88	11/78	3.67	103⅜	104⅜	+0¼	−1.22
Tyco Int. Fin. 8½ 88	9/78	21	100½	101½	−0⅛	7.26
Tyco Int. Fin. 5 84	5/78	61.5	75½	76¼	+0⅛	137.05
Asahi Optical 3½ DM	12/78	588	90⅜	91⅜	−0⅛	−0.37
Casio Cp. 3½ 85 DM	11/78	841	101⅞	102⅞	−0⅛	6.71
Izumiya 3½ 86 DM	10/78	989	94⅛	95⅛	−0⅛	4.70
Jusco 3½ 86 DM	1/79	1270	90⅞	91⅞	−0½	9.73
Konishiroku 3½ 85 DM	1/79	612	94⅛	95⅛	+0⅛	7.25
Marudai Food 3½ DM	2/79	1033	98½	99½	−0½	13.34
Murata M. 3½ 86 DM	11/78	654	101⅞	102⅞	+2⅛	−7.98
Nipp. Air. 3.5 88 DM	12/78	508	90¼	91¼	−0½	5.21
Nippon Shmpn. 3¾ DM	8/78	738	112½	114	0	4.67
Nippon Yen. 3½ 85 DM	1/79	251	95½	96½	−0¼	4.03
Nissan Diesl. 3½ 86 DM	2/79	477	94¼	95¼	+0⅛	8.33
Olymp. Opt. 3½ 85 DM	2/79	703	99⅞	100⅞	+0¼	−2.79
Ricoh 3½ 86 DM	10/78	617	99⅞	100⅞	−0⅛	12.15
Sanyo Electric 3½ DM	11/78	295	88⅞	89⅞	+0⅛	5.94
Seiyu Strs. 3¾ 86 DM	[illegible]	1275	111½	112½	−1½	−3.46
Sharp Cp. 3½ 88 DM	2/79	487	94¼	95¼	+3	0.44
Stanley Elec. 3½ DM	11/78	623	93⅜	94⅜	+0⅛	14.55
Tokyo Elec. 3½ 87 DM	4/79	476	97⅜	98⅜	−0⅛	−2.72
Trio Knwd. 3½ 86 DM	11/78	711	87½	88½	−0⅛	19.80

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. M = Minimum coupon. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Trinidad must learn to live with a falling oil income

BY DAVID RENWICK in Trinidad

TRINIDAD AND TOBAGO'S halcyon days of surplus oil revenue—at least, in the proportions experienced since 1974—may be numbered. For, barring unforeseen developments in the international market or a large new oil strike locally, income from the country's dominant export resource will begin to decrease from 1980 as output goes into a decline.

A team of senior Central Bank and Finance Ministry experts, headed by the bank's deputy governor, Dr. Eric Bobb, has been looking at this question on behalf of the Government and come to the conclusion that tax income from the petroleum sector can be expected to begin dropping by 7.7 per cent a year in the 1980s.

This would be a reversal of the situation that obtained between 1974 and the present, when oil taxation flowing into the Government's coffers was increasing at the rate of 25 per cent per annum.

The drop in output is likely to be led by Amoco Trinidad Oil Company, many of whose marine wells off Trinidad's East Coast appear to have reached the peak of their productive capacity. Since Amoco, a wholly-owned subsidiary of Standard Oil of Indiana, is the dominant local producer (59 per cent of the total), its influence on output trends is obviously considerable.

Industry experts suggest that Amoco's production will plummet from the 46.7m barrels forecast for next year, to 43.6m barrels (1980), 36.9m (1981), 34.7m (1982) and 27.7m (1983).

Total output will likewise go down, from 82.8m barrels in 1979 to 61m in 1983, with the expected parallel decrease in public sector oil revenue being from TT$ 2.02bn (TT$ 2.40= US$ 1) in 1980 to TT$ 1.59bn in 1983.

The message for the Government seems clear: that it should moderate recurrent expenditure in order to maintain budgetary surpluses to enable it to continue financing the extensive array of planned projects in the capital field. Such surpluses (this year's was TT $1.12bn) have helped build up some 46 special funds for long-term development, which have been applied to various aspects of economic and social infrastructure. Over TT $2bn has been committed to specific projects during the past five years, but there is still almost another TT $3bn in the kitty.

International Monetary Fund (IMF) officials, while praising *Trinidad and Tobago* for the relatively prudent way it has handled the influx of sudden wealth, have recently been advised that the surplus could disappear as quickly as it came unless the Government maintained close scrutiny of its expenditure and gave priority to productive programmes over social and welfare ones.

The Williams Government has undeniably mounted an impressive social assistance and income redistribution drive since 1974. The highlights of this have included a food stamp programme for pensioners, increased pension and social welfare payments, subsidies on a range of basic food items, on petrol and on mortgage rates for low- and middle-income borrowers, free bus transport for schoolchildren, and a countrywide school meals project.

At the same time, the Government has subsidised a number of important services, such as electricity, telephones, the port, water and the buses, the cost of the subsidy this year for the last two alone being no less than TT $131.2m.

In the light of the IMF's *observations*, the recommendations made by the team of local financial experts and the expected oil *revenue position* in the 1980s, there is likely to be a freeze on additional *welfare measures* and the subsidy programme is almost certainly going to be looked at.

Indeed, Dr. Williams, the Prime Minister and Minister of Finance, gave a clear hint in his TT$3.5bn 1979 budget (presented to Parliament on Dec. 1) that prices for petrol (TT61 a gallon for ordinary and TT81 cents a gallon premium), charges for services performed by the port and telephone company rates, were all likely to rise during the course of 1979.

It may seem odd that subscribers should be called upon to pay more for the dubious pleasure of using the state-owned telephone company, since even the most charitable regard the system as inefficient. But Dr. Williams has justified the idea of possible higher telephone rates by quoting a World Bank report on the company which argued that the service would only improve in the short-term if local calls within the same exchange area, now unlimited and free to subscribers, began to attract a metered charge.

The Trinidad and Tobago public, whose income has grown steadily in the years following the oil price boom, would not mind paying more for public sector services once they were competently provided.

But the Government has not been noted for its ability to stick to its pledges and deliver the goods it promises.

The annual development programme review, presented at the same time as the budget statement, faithfully records the failure of the Government to translate its ideas into effective action.

Two examples from the 1978 report will suffice: 550 buses due *to be ordered by the Public* Transport Service Corporation (PTSC) to fulfil the require*ments of the school bus pro*gramme failed to materialise and the National Housing *Authority* (NHA), which was supposed to acquire 1,683 acres of land at 14 different sites *throughout the country for* much-needed housing development, succeeded at the end of *the year in obtaining only one* site of a mere four acres.

Dr. Williams has dubbed 1979 the "year of implementation," but there is widespread scepticism, reflected by opposition members in the budget debate, about whether next year will be any different from the others that have gone before it.

31st JANUARY 1979 REDEMPTION

TRANSALPINE FINANCE HOLDINGS S. A.

U.S. $30,000,000 6¾% Loan 1982

REDEMPTION OF BONDS

Transalpine Finance Holdings S.A. announces that for the redemption period ending on 31st January 1979 it has purchased and cancelled bonds of the above loan for U.S.$1,048,000 nominal capital and tendered them to the Trustee.

The nominal amount of bonds *to be drawn for redemption at par on 31st January 1979* to satisfy the Company's current redemption obligation is accordingly U.S.$1,677,000 and the nominal amount of this loan remaining outstanding after 31st January 1979 will be U.S.$8,200,000.

DRAWING OF BONDS

Notice is accordingly hereby *given that a drawing of bonds of the above loan took place* on 20th December 1978 attended by Mr. Keith Francis Croft Baker of the firm of John Venn & Sons, Notary Public, when 1,677 bonds for a total of U.S.$1,677,000 nominal capital were drawn for redemption at par on 31st January 1979, from which date all interest thereon will cease.

The following are the numbers of the bonds drawn:

00001	00051	00083	00085	00176	00177	00243	00289	00379	00382	00427	00515	00518	00603	00646	00647	00648	00650	00653	00660
00782	00792	00793	00794	00801	00804	00807	00824	00831	00833	00835	01287	01293	01333	01337	01342	01351	01353	01354	01355
01363	01423	01438	01446	01604	01874	01917	01954	01999	02014	[illegible]	02043	02048	02050	02185	02186	02187	02201	02217	02218
02219	02220	02228	02230	02232	02238	02242	02244	02247	02249	02250	02254	02257	02272	02318	02320	02353	02356	02358	02387
02448	02452	02456	02459	02461	02465	02471	02498	02508	02512	02516	02535	02541	02561	02601	02625	02627	02645	02646	02698
02699	02709	02711	02725	02759	02828	02830	02863	02901	02911	03207	03212	03243	03254	03265	03278	03279	03280	03292	03297
03298	03302	03304	03307	03310	03312	03319	03321	03323	03325	03328	03330	03384	03386	03389	03395	03399	03406	03412	03441
03472	03473	03475	03488	03506	03535	03571	03575	03606	03620	03656	03657	03670	03688	03718	03805	03810	03813	03817	03827
03829	03830	03831	03850	03900	03908	03912	03929	03931	04006	04007	04012	04015	04016	04059	04067	04094	04111	04118	04156
04168	04169	04190	04191	04213	04215	04236	04243	04251	04254	04355	04372	04377	04379	04383	04384	04385	04403	04414	04421
04424	04425	04426	04437	04440	04444	04447	04461	04488	04498	04501	04506	04550	04584	04676	04691	04703	04707	04730	04734
04738	04742	04747	04750	04766	04785	04809	04811	04812	04899	04907	04909	04911	04922	04931	05051	05065	05081	05082	05083
05088	05340	05343	05348	05351	05368	05382	05391	05393	05397	05406	05409	05415	05441	05474	05496	05513	05514	05542	05548
05585	05604	05605	05612	05666	05670	05732	05747	05759	05777	05785	05786	05787	05788	05801	05802	05804	05805	05817	05856
05860	05862	05922	05949	06015	06030	06031	06035	06036	06038	06073	06120	06162	06170	06243	06247	06313	06340	06342	06391
06417	06418	06419	06456	06457	06539	06583	06594	06596	06867	06868	06869	06885	06891	06892	06900	06941	06946	06950	06952
06967	06968	07073	07099	07133	07135	[illegible]	07168	07170	07179	07192	07193	07194	07199	07202	07203	07204	07215	07217	07221
07230	07231	07232	07244	07249	07254	07268	07270	07271	07282	07288	07297	07298	07299	07301	07302	07310	07317	07319	07334
07338	07340	07374	07394	07405	07416	07457	07474	07475	07476	07479	07491	07502	07520	07524	07783	07793	07794	07803	07807
07811	07818	07829	07836	07839	07846	07876	07887	07891	07896	07898	07903	07918	07920	07922	07924	07940	07943	07972	08082
08136	08142	08154	08283	08299	08303	08314	08318	08321	08324	08328	08329	08338	08357	08380	08388	08399	08408	08494	08541
08545	08561	08562	08580	08616	08623	08633	08668	08713	08728	08733	08735	08736	08737	08805	08808	08824	09097	09098	09118
09206	09211	09234	09244	09290	09330	09336	09348	09351	09423	09433	09442	09458	09462	09469	09503	09504	09508	09512	09519
09520	09522	09529	09532	09536	09537	09540	09574	09603	09607	09661	09670	09671	09676	09687	09703	09706	09711	09722	09723
09727	09797	09801	09803	09831	09905	09913	09919	09947	09949	09951	09954	09958	09965	10003	10027	10028	10090	10125	10138
10147	10187	10204	10219	10251	10348	10379	10393	10414	10427	10430	10447	10465	10479	10497	10498	10500	10535	10558	10569
10587	10595	10634	10684	10965	11006	11021	11170	11277	11278	11290	11338	11344	11358	11360	11363	11372	11389	11396	11529
11558	11628	11636	11639	11645	11690	11695	11696	11805	12254	12339	12340	12342	12343	12357	12367	12373	12376	12379	12384
12385	12538	12539	12543	12561	12597	12623	12709	12712	12735	12763	12796	12820	12825	12828	12833	12834	12835	12842	12860
12863	12865	12867	12904	12926	12937	12963	12966	13003	13008	13015	13017	13058	13083	13087	13092	13095	13109	13120	13151
13351	13375	13376	13386	13410	13481	13483	13491	13493	13556	13560	13562	13575	13580	13582	13590	13596	13600	13634	13646
13683	13781	13795	13797	13810	13812	13832	13833	13836	13842	13874	13901	13906	13924	14006	14023	14026	14146	14160	14188
14190	14236	14244	14250	14262	14291	14321	14385	14396	14417	14447	14458	14487	14496	14523	14529	14533	14539	14573	14645
14649	14662	14664	14683	14696	14697	14857	14870	14876	14888	14894	14896	14904	15106	15107	15108	15109	15110	15118	15120
15128	15129	15131	15135	15137	15143	15145	15157	15160	15168	15171	15172	15192	15201	15207	15216	15226	15228	15231	15275
15279	15295	15298	15303	15310	15312	15313	15326	15329	15330	15332	15333	15335	15345	15400	15408	15447	15586	15588	15589
15599	15604	15605	15767	15771	15782	15783	15785	15790	15793	15806	15809	15813	15830	15833	15837	15840	15848	15856	15858
16125	16131	16132	16142	16175	16252	16326	16330	16336	16418	16476	16521	16525	16536	[illegible]	16551	16557	16583	16584	16589
16595	16603	16604	16611	16651	16653	16747	16820	16835	16906	16925	16962	16981	16984	16990	16992	16999	17001	17011	17034
17064	17068	17069	17090	17091	17094	17117	17118	17131	17149	17170	17260	17305	17320	17324	17357	17381	17383	17384	17389
17478	17495	17528	17552	17560	17570	17580	17595	17600	17786	17795	17852	17853	17920	17922	17923	17925	17958	17961	17975
17980	17994	18017	18022	18023	18025	18052	18066	18070	18076	18080	18085	18184	18220	18260	18267	18271	18281	18283	18284
18285	18288	18301	18417	18458	18469	18470	18483	18485	18495	18535	18557	18560	18606	18614	18617	18623	18625	18637	18648
18650	18652	18679	18681	18682	18684	18697	[illegible]	18702	18722	[illegible]	18812	18859	18861	18897	18913	18918	18922	18930	18931
18932	18934	18936	18953	18955	18969	18974	18983	18989	18997	[illegible]	19011	19012	19020	19022	19023	19052	19057	19069	19085
19086	19092	19133	19144	19171	19172	19175	19188	19279	19340	19380	19383	19385	19391	19483	19489	19492	19496	19504	19511
19513	19517	19568	19616	19744	19746	19761	19763	19823	19825	19907	19912	19917	19922	20049	20155	20171	20237	20264	20268
20267	20276	20277	20278	20286	20299	20303	20306	20311	20318	20319	20325	20328	20335	20336	20342	20358	20359	20360	20361
20364	20453	20454	20464	20469	20495	20502	20514	20515	20522	20526	20534	20538	20571	20585	20620	20625	20635	20638	20639
20647	20651	20658	20667	20668	20670	20677	20679	20685	20689	20691	20700	20703	20706	20710	20734	20741	20748	20749	20768
20785	20894	20901	20906	20915	20922	20948	20950	20962	20974	20990	21004	21010	21012	21018	21022	21050	21052	21117	21122
21127	21128	21166	21171	21173	21177	21185	21193	21219	21226	21232	21238	21251	21258	21268	21297	21345	21348	21355	21362
21372	21391	21399	21403	21420	21437	21458	21468	21477	21481	21484	21547	21572	21573	21584	21587	21588	21589	21596	21605
21632	21635	21697	21723	21728	21734	21739	21740	21751	21757	21761	21762	21763	21768	21775	21784	21788	21793	21810	21815
21818	[illegible]	21970	21979	21980	22006	22007	22044	22080	22116	22130	22144	22195	22208	22216	22247	22269	22275	22305	22312
22345	22348	22356	22364	22366	22367	22371	22373	22381	22422	22425	22495	22513	22521	22527	22531	22538	22540	22547	22549
22555	22558	22597	22602	22612	22615	22616	22619	22623	22627	22634	22638	22651	22656	22663	22665	22682	22689	22700	22730
22734	22742	22747	22751	22765	22790	22791	22798	22800	22809	22812	22814	22815	22848	22850	22853	22858	22869	22892	22897
22901	22903	22905	22906	22914	22916	22935	22936	22949	22959	22960	22961	22968	22989	22997	23000	23022	23023	23024	23062
23072	23083	23104	23118	23128	23129	23131	23149	23211	23214	23218	23219	23226	23230	23233	23244	23446	23457	23458	23478
23530	23572	23614	23639	23643	23647	23652	23674	23688	23793	23795	[illegible]	23913	23914	23916	23945	23967	23989	24036	24040
24073	24074	24088	24094	24108	24109	24111	24112	24114	24116	24118	24129	24135	24137	24141	24142	24407	24417	24423	24426
24433	24505	24518	24530	24535	24591	24620	24624	24636	24638	24641	24642	24696	24710	24711	24712	24717	24718	24729	24730
24731	24749	24751	24757	24761	24796	24806	24808	24812	24836	24843	24848	24903	24906	24919	24920	24925	24928	24929	24931
24934	24939	24948	24957	24959	24969	24973	24978	24993	25000	25001	25007	25012	25038	25039	25040	25046	25048	25053	25083
25096	25097	25101	25102	25110	25122	25129	25131	25150	25259	25264	25300	25301	25304	25305	25319	25331	25332	25335	25337
25339	25352	25356	25358	25359	25369	25373	25376	25377	25389	25394	25400	25406	25416	25423	25426	25428	25448	25453	25460
25464	25470	25476	25477	25478	25479	25482	25505	25526	25527	25528	25533	25542	25544	25545	25549	25550	25553	25558	25578
25611	25615	25619	25629	25634	25643	25647	25678	25683	25689	25690	25695	25699	25704	25708	25724	25728	25734	25736	25741
25742	25749	25793	25810	25812	25815	25830	25837	25840	25844	25847	25851	25867	25868	25869	25902	25934	25936	25940	25946
25952	25976	25992	26002	26006	26007	26016	26023	26034	26036	26045	26073	26076	26126	26129	26132	26134	26250	26253	26262
26263	26268	26270	26273	26280	26285	26287	26288	26292	26294	26303	26313	26324	26327	[illegible]	26330	26334	26350	26365	26387
26400	26411	26413	26420	26423	26424	26427	26437	26444	26445	26446	26460	26461	26462	26463	26471	26493	26496	26505	26517
26578	26601	26602	26604	26703	26706	26710	26717	26739	26764	26790	26810	26831	26832	26837	26838	26846	26852	26857	26859
26889	26900	26903	26909	26915	26945	26950	26958	26998	26999	27007	27012	27070	27135	27197	27201	27210	27217	27218	27220
27295	27302	27307	27313	27333	27342	27366	27367	27369	27385	27388	27393	27400	27408	27409	27411	27414	27462	27476	27479
27481	27484	27485	27501	27507	27514	27515	27571	27574	27610	27623	27660	27676	27679	27683	27781	27785	27801	27854	27892
27893	27894	27897	27900	27908	27924	27934	27944	27951	27973	27980	27985	27988	28019	28026	28035	28038	28041	28086	28087
28097	28105	28108	28110	28112	28113	28137	28149	28156	28157	28165	28169	28171	28182	28188	28193	28198	28199	28200	28213
28223	28231	28232	28233	28243	28247	28254	28380	28389	28393	28399	28410	28412	28445	28450	28451	28459	28463	28484	28487
28502	28515	28533	28586	28614	28615	28618	28625	28637	28641	28642	28659	28660	28681	28683	28685	28688	28695	28700	28708
28711	28718	28735	28736	28751	28756	28759	28763	28770	28778	28788	28792	28793	28795	28810	28850	28852	28861	28868	28872
28875	29114	29142	29160	29177	29180	29181	[illegible]	[illegible]	[illegible]	29198	29564	29568	29573	29579	29585	29589	29595	29620	29638
29641	29648	29655	29661	29671	29675	29856	29858	[illegible]	29930	29947	29956	29981	29984	29985	29990	29996			

Witness: K. F. C. Baker, Notary Public.

The above bonds may be presented for payment of the proceeds of redemption at par on or after 31st January 1979 at the offices of the paying agents named on the coupons in the manner specified in Condition 5 of the Terms and Conditions of the Loan printed on the bonds. Each of these bonds when presented for redemption must bear the coupon dated 31st January 1980, and all subsequent coupons, otherwise the amount of the missing coupons will be deducted from the principal to be repaid.

Principal Paying Agent: N. M. Rothschild & Sons Limited, New Court, St. Swithin's Lane, London EC4P 4DU.

8th January 1979

Notice of Redemption

Copenhagen Telephone Company, Incorporated

8½% Sinking Fund Dollar Debentures due February 1, 1986

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture dated as of February 1, 1971, under which the above described Debentures were issued, Citibank, N.A. (formerly First National City Bank), as Trustee, has drawn by lot for redemption on February 1, 1979, through the operation of the sinking fund provided for in said Indenture, $373,000 principal amount of Debentures of the said issue of the following distinctive numbers:

COUPON DEBENTURES OF $1,000. PRINCIPAL AMOUNT OUTSTANDING

M 43	808	1607	2804	3532	4486	5235	6054	6784	7685	8473	9322	10233	11307	12375	13337	14186
62	905	1707	2819	3534	4507	5245	6075	6851	7686	8500	9402	10240	11314	12493	13369	14298
114	906	1708	2870	3643	4509	5387	6077	6873	7885	8576	9434	10247	11342	12496	13392	14320
190	940	1763	2880	3671	4528	5485	6092	6896	7886	8581	9493	10304	11347	12576	13477	14335
191	1000	1799	2891	3695	4540	5502	6143	6984	7903	8641	9500	10305	11348	12579	13489	14410
221	1039	1800	3020	3759	4663	5508	6194	7007	7915	8680	9520	10322	11410	12639	13555	14432
237	1063	1887	3031	3762	4713	5515	6201	7056	7930	8691	9536	10328	11411	12653	13606	14436
299	1107	1919	3049	3790	4748	5547	6288	7072	7980	8733	9566	10360	11565	12722	13616	14475
323	1161	2180	3068	3822	4767	5564	6306	7090	7996	8769	9582	10368	11571	12729	13646	14498
363	1185	2220	3069	3868	4919	5588	6341	7092	8011	8807	9603	10460	11629	12752	13735	14522
378	1240	2248	3137	3917	4932	5589	6370	7159	8030	8818	9650	10542	11630	12760	13749	14547
390	1251	2254	3203	3953	4942	5606	6390	7235	8091	8835	9660	10545	11705	12876	13758	14597
403	1252	2302	3236	3993	4949	5616	6397	7319	8115	8918	9685	10596	11717	12971	13769	14741
404	1303	2319	3317	4056	4965	5689	6415	7383	8139	8929	9692	10608	11759	13006	13775	14830
474	1393	2324	3318	4240	4966	5706	6464	7430	8202	8967	9860	10610	11785	13053	13799	14848
595	1425	2459	3357	4297	4967	5724	6482	7438	8204	8981	9914	10785	11850	13078	13951	14849
596	1426	2468	3417	4298	5069	5757	6600	7479	8307	9020	9924	10787	11875	13127	13959	14889
597	1429	2580	3473	4310	5070	5764	6605	7498	8308	9204	9926	10993	11882	13150	13998	14910
688	1449	2581	3480	4435	5212	5800	6606	7500	8323	9263	9934	11187	11927	13176	14078	14926
718	1488	2748	3508	4441	5214	5811	6607	7511	8397	9265	10059	11188	11928	13186	14086	14928
723	1580	2765	3518	4453	5216	5885	6686	7528	8451	9306	10160	11249	12232	13260	14093	14993
740	1595	2789	3523	4464	5226	5906	6712	7573	8470	9319	10162	11268	12258	13333	14152	

The Debentures specified above are to be redeemed for said sinking fund at **Citibank, N.A., Bond Window—2nd Floor, 111 Wall Street, New York, New York 10043**, the main offices of Citibank, N.A. in Antwerp, Belgium; Nice, France; Paris, France; Berlin, Germany; Dusseldorf, Germany; Frankfurt (Main), Germany; Hamburg, Germany; Munich, Germany; Athens, Greece; Piraeus, Greece; Thessaloniki, Greece; Milan, Italy; Rome, Italy; Amsterdam, Netherlands; Rotterdam, Netherlands; The Hague, Netherlands; Geneva, Switzerland; Lausanne, Switzerland; Lugano, Switzerland; Zurich, Switzerland; London, England; Belfast, Northern Ireland; and Dublin, Ireland; Citibank (Belgium) S.A.; Citibank (Luxembourg) S.A.; or at the office of Privatbanken i Kjobenhavn, Copenhagen, Denmark; Algemene Bank Nederland N.V., Amsterdam Netherlands; Kredietbank S.A. Luxembourgeoise, Luxembourg; Skandinaviska Enskilda Banken, Stockholm, Sweden; Swiss Bank Corporation in Basle, Switzerland; and Deutsche Bank A.G., Frankfurt (Main), Germany, as the Company's paying agents, and will become due and payable on February 1, 1979, at the redemption price of 100 percent of the principal amount thereof plus accrued interest on said principal amount to such date. On and after such date, interest on said Debentures will cease to accrue.

Said Debentures should be presented and surrendered at the offices set forth in the preceding paragraph on said date with all interest coupons maturing subsequent to the redemption date.

For COPENHAGEN TELEPHONE COMPANY, INCORPORATED

By CITIBANK, N.A., Trustee

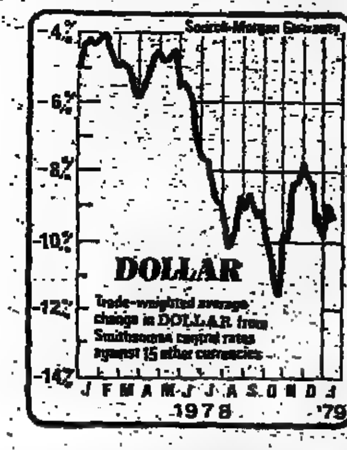
Dated January 2, 1979

Companies and Markets

CURRENCIES, MONEY and GOLD

Pound recovers: dollar weak

Trading in yesterday's foreign exchange market was at a very low level, with sterling showing a slight recovery later in the day after news of a possible end to the tanker drivers' dispute. After opening at $2.0225 against the dollar, the pound dipped to $2.0175 during the morning before recovering to $2.0200 by lunch time. In the afternoon it touched $2.0275-$2.0285 and closed at $2.0250-$2.0260, a rise of 55 points from Friday's close. On Bank of England figures, sterling's trade weighted index rose to 63.8 from 63.7, having stood at 63.6 at noon and 63.7 in early dealings.



The U.S. dollar started with a firmish undertone, but tended to fluctuate during the day before finishing a little way below its best level. Without any appreciable intervention by the central banks the U.S. currency finished at DM1.8410 after touching DM1.8330, against the D-mark, and compared with DM1.8500 on Friday. Similarly the Swiss franc rose to SwFr 1.6345 before closing at SwFr 1.6402½ against SwFr 1.6457½ previously. The French franc improved to Fr 4.2165 from Fr 4.2340 as did the Japanese yen to Y195.60 against Y196.60. On Morgan Guaranty figures at noon in New York, the dollar's trade weighted average depreciation widened to 9.4 per cent from 9.2 per cent on Friday. Using Bank of England figures its index fell from 83.5 to 83.3.

FRANKFURT—The dollar was fixed at DM 1.8370 yesterday, down from Friday's fixing of DM 1.8444, and there was no intervention at that time by the Bundesbank. Trading took place within a very narrow range with little in the way of fresh factors to affect the market. News of a solution to the German steel strike had only a minimal effect on trading.

PARIS—The dollar closed below its best level in relatively nervous trading. During the morning, short covering pushed the U.S. unit firmer although confidence remained at a low level. Against the franc it closed at Fr 4.2167½, well down from Friday's level of Fr 4.2400. While showing little change against the stronger European currencies, the franc was weaker against sterling and finished at Fr 8.5415 against Fr 8.5150 in the morning and Fr 8.5450 on Friday.

AMSTERDAM—At the fixing, the dollar fell to Fl 1.9845 from Friday's level of Fl 1.9900.

ZURICH—In early trading the dollar showed a slightly firmer tendency against most currencies, after reported small amounts of support by the Swiss and German central banks. The U.S. unit was quoted at SwFr 1.6387 up from SwFr 1.6360 earlier and DM 1.8373 against DM 1.8355.

TOKYO—The dollar lost ground against the yen, closing at Y195.30 compared with Y196.85 on Friday. After opening at Y196.80, the U.S. unit started to decline on pressure from foreign banks and touched Y195.50 at around midday. Confidence may also have been eroded by the recent fighting in Cambodia. The low point for the day was Y195.15. Trading in the spot market totalled $477m, with forward trading at $140m and swap dealings accounting for $446m.

THE POUND SPOT / FORWARD AGAINST £

Jan. 8	Bank rate %	Day's Spread	Close	One month	% p.a.	Three months	% p.a.
U.S. $	9½	2.0175-2.0285	2.0250-2.0260	0.20-0.10c pm	1.50	0.70-0.60c pm	1.28
Canadian $	11¼	2.3975-2.4080	2.4045-2.4055	0.55-0.45c pm	2.25	1.25-1.15c pm	1.99
Guilder	6½	4.00-4.03	4.01½-4.02½	1c pm-par	1.49	3½-2½c pm	2.86
Belgian F	6	58.55-58.85	58.70-58.80	17-7c pm	2.45	60-50c pm	−3.74
Danish K	8	10.28-10.35	10.33½-10.34½	par-2 ore dis	−1.16	2-4 ore dis	−1.16
D mark	3	3.71-3.74½	3.72½-3.73½	3½-2½pf pm	10.85	9-8 pf pm	9.11
Port. Esc.	18	94.10-94.50	93.75-94.25	50-100c dis	−9.57	120-280c dis	−8.51
Span. Pes.	8	141.10-141.60	141.47-141.57	30-100c dis	−5.51	200-300c dis	7.06
Lira	10½	1,678-1,686	1,684½-1,685½	1lire pm-1 dis	−0.59	3-8 lire dis	−1.07
Nrwgn. K.	7	10.09-10.18	10.16½-10.17½	1½ore pm-1 dis	1.77	4-2 ore pm	1.18
French Fr.	9½	8.48-8.58	8.53½-8.54½	5½-2½c pm	3.86	9¾-7¾c pm	3.86
Swedish Kr	6½	8.72-8.77	8.75½-8.76½	4½-2½ ore pm	4.45	10½-8½ ore pm	4.22
Yen	3½	392-402	395½-397½	4.40-4.15y pm	13.99	12.05-11.75y pm	12.98
Austria Sch	4½	27.20-27.32	27.27-27.30	17-7gro pm	5.28	45-35 gro pm	5.86
Swiss Fr.	1	3.30½-3.34	3.32-3.33	4-3c pm	13.63	11-10c pm	12.55

Belgium rate is for convertible francs. Financial franc 59.45-59.55.

Six-month forward dollar 1.25-1.15c pm, 12-month 2.55-2.45c pm.

THE DOLLAR SPOT AND FORWARD

Jan. 8	Day's spread	Close	One month	% p.a.	Three months	% p.a.
Canada†	84.18-84.38	84.21-84.24	0.02-0.05c pm	1.23	0.13-0.16c pm	[illegible]
Nethlnd.	1.9832-1.9876	1.9855-1.9875	0.20-0.15c pm	0.91	1.19-1.14c pm	2.31
Belgium	28.91-29.00	28.97-28.99	5-3½c pm	1.63	21-19c pm	2.28
Denmark	5.0910-5.1085	5.1060-5.1085	0.80-1.30oredis	−2.25	2.90-3.40oredis	−2.47
W. Ger.	1.8355-1.8415	1.8405-1.8415	1.37-1.27pf pm	7.75	3.80-3.70pf pm	[illegible]
Portugal	46.40-46.60	46.40-46.55	30-40c dis	−9.04	70-140c dis	−9.04
Spain	69.88-69.96	69.89-69.94	18-38c dis	−4.37	97-127c dis	−6.41
Italy	830.60-832.75	832.0-832.75	0.95-1.45liredis	−1.97	3.15-3.90liredis	−1.75
Norway	4.9835-5.0290	5.0270-5.0290	0.15od-0.25orepm	0.24	0.30od-0.10opm	−0.16
France	4.2075-4.2190	4.2160-4.2190	0.95-0.75c pm	1.81	2.95-2.75c pm	2.57
Sweden	4.3160-4.3220	4.3220-4.3230	1.40-1.20c pm	3.54	3.60-3.40c pm	2.58
Japan	195.25-195.70	195.50-195.70	1.95-1.85y pm	10.89	5.33-5.23y pm	11.01
Austria	13.47-13.48	13.47-13.48	6.00-5.00gro pm	4.46	18.0-15.5gro pm	5.06
Switz.	1.6387-1.6410	1.6400-1.6410	1.65-1.60c pm	10.96	4.65-4.60c pm	11.35

† U.S. cents per Canadian $.

CURRENCY RATES

January 8	Special Drawing Rights	European Unit of Account
Sterling	0.641768	0.674067
U.S. dollar	1.29573	1.36006
Canadian dollar	1.53476	1.61181
Austrian schilling	17.5086	18.3869
Belgian franc	37.6604	39.5779
Danish krone	6.62118	6.95013
Deutsche Mark	2.38984	2.51546
Guilder	2.57850	2.71489
French franc	5.46798	5.75783
Lira	1080.64	1135.31
Yen	255.129	268.563
Norwegian krone	6.51982	6.86044
Peseta	90.8475	95.2985
Swedish krona	5.53513	5.82220
Swiss franc	2.12824	[illegible]

CURRENCY MOVEMENTS

January 8	Bank of England Index	Morgan Guaranty changes %
Sterling	63.80	−40.4
U.S. dollar	83.33	− 9.4
Canadian dollar	78.88	−18.4
Austrian schilling	147.32	+19.7
Belgian franc	114.68	+15.4
Danish krone	118.36	+ 7.4
Deutsche Mark	150.28	+41.8
Swiss franc	197.17	+34.1
Guilder	124.97	+21.0
French franc	100.04	− 5.6
Lira	54.26	−49.3
Yen	147.05	+45.3

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

Jan. 8	£	$		£ Note Rates
Argentina Peso	2,021-2,041	998-1,008	Austria	26¾-27¾
Australia Dollar	1.7635-1.7685	0.8715-0.8725	Belgium	59¼-60¼
Brazil Cruzeiro	41.66-42.66	20.55-21.05	Denmark	10.28-10.38
Finland Markka	7.96-8.00	3.9380-3.9400	France	8.48-8.58
Greek Drachma	72.090-72.952	35.60-36.00	Germany	3.67-3.77
Hong Kong Dollar	9.5800-9.6000	4.7400-4.7430	Italy	1,650-1,700
Iran Rial	151.82-159.91	75.00-79.00	Japan	397-402
Kuwait Dinar (KD)	0.547-0.557	0.2729-0.2731	Netherlands	3.98-4.08
Luxembourg Frc.	58.70-58.80	28.99-29.02	Norway	10.10-10.20
Malaysia Dollar	4.4600-4.4800	2.2070-2.2080	Portugal	[illegible]
New Zealand Dlr.	1.8975-1.9045	0.9365-0.9398	Spain	144½-148½
Saudi Arab. Riyal	6.65-6.75	3.3175-3.3185	Switzerland	3.27-3.37
Singapore Dollar	4.3800-4.4000	2.1660-2.1670	United States	2.0200-2.0300
Sth. African Rand	1.7465-1.7719	0.8620-0.8750	Yugoslavia	41-44

Rates given for Argentina is free rate.

EXCHANGE CROSS RATES

Jan. 8	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'r	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.026	3.733	396.5	8.540	3.325	4.023	1685.	2.405	58.75
U.S. Dollar	0.494	1.	1.843	195.5	4.215	1.642	1.986	831.9	1.187	29.01
Deutsche mark	0.268	0.543	1.	106.2	2.288	0.891	1.078	451.4	0.644	15.74
Japanese Yen 1,000	2.522	5.108	9.414	1000.	21.54	8.386	10.15	4250.	6.066	148.2
French Franc 10	1.171	2.372	4.371	464.3	10.	3.895	4.710	1973.	2.816	68.79
Swiss Franc	0.301	0.609	1.123	119.2	2.568	1.	1.210	506.8	0.723	17.67
Dutch Guilder	0.249	0.504	0.928	98.57	2.123	0.827	1.	418.9	0.598	14.61
Italian Lira 1,000	0.593	1.202	2.215	235.3	5.068	1.973	2.387	1000.	1.427	34.87
Canadian Dollar	0.416	0.842	1.552	164.9	3.551	1.383	1.673	700.6	1.	24.43
Belgian Franc 100	1.702	3.448	6.355	674.9	14.54	5.660	6.847	2868.	4.094	100.

EURO-CURRENCY INTEREST RATES

Jan. 8	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
†Short term	10⅞-11⅛	10-10¼	7½-8½	10¼-10½	par-⅛	2-2¼	6¾-6⅞	9-11	—	1⅛-3⅛
7 day's notice	11⅛-11⅜	10⅛-10⅜	7½-8½	9⅝-9⅞	par-⅛	2-2¼	7¾-8¼	10-12	10⅛-10⅜	−1⅛-⅜
Month	11¾-11⅞	10⅜-10⅝	9⅞-10¼	9⅝-9⅞	−⅛-par	2⅞-3	8½-9	13¾-14¾	11⅛-11⅜	⅛-⅜
Three months	12⅛-12⅜	11⅜-11⅝	10⅛-10⅜	9-9¼	−⅛-par	3⅛-3¼	8½-9	14-15	11⅜-11½	¼-⅜
Six months	12¼-12½	12-12⅛	10⅝-11	8½-8¾	⅛-⅜	3⅜-3½	8⅞-9⅜	14¼-15½	12⅛-12⅜	1⅛-1½
One year	12-12½	11⅞-12⅛	10⅝-11	8⅜-8⅝	⅛-⅜	3⅜-3½	9⅞-10⅛	15-16	11⅞-12⅛	2⅛-2⅜

The following nominal rates were quoted for London dollar certificates of deposit: one month 10.60-10.70 per cent; three months 11.20-11.30 per cent; six months 11.75-11.85 per cent; one year 11.55-11.65 per cent.

Long-term Eurodollar deposits: two years 11-11⅛ per cent; three years 10⅝-10⅞ per cent; four years 10⅜-10⅝ per cent; five years 10⅜-10⅝ per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars: two-day call for guilders and Swiss francs. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

Fed drains reserves

Short-term interest rates showed little change in general yesterday, but were slightly easier in some parts of Europe, while U.S. Federal funds also declined. In New York the Federal Reserve entered the market to drain reserves by way of three-day reverse repurchase agreements with Fed funds at 9⅞ per cent, compared with 10 per cent in early trading on Friday.

AMSTERDAM — Call money fell to 10⅛-10⅜ per cent from 10¾-11 per cent, but one-month rose to 10⅛-10⅜ per cent from 10⅛-10⅜ per cent. Three-month and six-month funds were unchanged at 10-10¼ per cent, and 8¾-9⅛ per cent respectively.

MILAN — Interest rates were unchanged at 10½-10¾ per cent for call money; 10½-10¾ per cent for one-month; 10½-10¾ per cent for two-month; and 10¾-11 per cent for three-month.

BRUSSELS — Short-term Treasury certificate rates were cut, with one-month and two-month interest rates reduced to 9½ per cent from 9¾ per cent, to bring rates into line with current market conditions. Three-month certificates were unchanged at 9½ per cent. Deposit rates for the Belgian franc (commercial) were unchanged, with one-month at 9½-9¾ per cent; three-month at 9½-9¾ per cent; six-month at 8¾-9 per cent; and 12-month at 8¾-9 per cent.

SINGAPORE — Several banks raised their prime rates. Bangkok Bank, Bank of Canton, European Asian Bank, and Rainier National Bank, all lifted their rates to 8 per cent, while Marine Midland raised its prime rate by ½ per cent to 8½ per cent. Development Bank of Singapore lifted its rate by ¼ per cent to 7¾ per cent, and Chartered Bank's prime rate went up by a similar amount to 7¾ per cent.

FRANKFURT — Short-term interbank interest rates were steady, but slightly longer periods were easier. Call money was unchanged at 2.9-3.0 per cent, and one-month at 3.45-3.55 per cent. Three-month funds fell to 3.6-3.7 per cent from 3.65-3.75 per cent; six-month to 3.7-3.8 per cent from 3.75-3.85 per cent; and 12month to 3.95-4.05 per cent from 4.15-4.25 per cent.

PARIS—Day-to-day money was slightly firmer, at 6¾ per cent compared with 6⅝ per cent previously. One-month, three-month, and six-month funds were all unchanged at 6½-6¾ per cent, while 12-month eased to 7¼-7½ per cent from 7⅜-7⅝ per cent.

GOLD

Slight fall

Gold lost ground in quiet trading in the London bullion market yesterday to close at $223-223½, a fall of $1¼ an ounce. After opening at $225¼-226, a little selling amid generally nervous conditions pushed the metal down to $224.10 at the morning fixing, before easing further at the afternoon fixing to $223.10. The low point for the day was $222-222½, although when this level was touched, it prompted a slight rally. Conditions remained quiet during the afternoon after the opening of New York markets.

In Paris the 12½-kilo bar was fixed at FFr 30,375 per kilo ($224.14 per ounce) compared with FFr30,400 ($224.73) in the morning and FFr 30,450 ($224.42) on Friday afternoon.

In Frankfurt the 12½-kilo bar was fixed at DM 13,215 per kilo ($223.69 per ounce) against DM 13,460 ($227.04).

	Jan. 8	Jan. 5
Gold Bullion (a fine ounce)		
Close	$223-223½	$224¼-225¼
Opening	$225-226	$225-225½
Morning fixing	$224.10 (£110.858)	[illegible] (£112.144)
Afternoon fixing	$223.10 (£110.211)	$225.50 (£111.717)
Gold Coins, domestically		
Krugerrand	$234-236 (£116-117)	$237-239 (£117½-118½)
New Sovereigns	$64-66 (£31½-32½)	$64½-66½ (£32-33)
Old Sovereigns	[illegible] (£31½-32½)	$63½-65½ (£31½-32½)
Gold Coins, internationally		
Krugerrand	$228-231 (£113-114)	$230½-232½ (£114½-115½)
New Sovereigns	$58½-60½ (£29-30)	$59-61 (£29½-30½)
Old Sovereigns	$63½-65 (£31½-32½)	$63½-65½ (£31½-32½)
$20 Eagles	$295-305	$295-298
$10 Eagles	$154-159	$155½-160½
$5 Eagles	$109-114	$109-113

UK MONEY MARKET

Interest rates easier

Bank of England Minimum Lending Rate 12½ per cent (since November 9, 1978)

Short-term interest rates declined in the London money market yesterday, following disappointment that the Treasury bill tender did not go higher on Friday. The sharp differential between the cost of overnight money and three-month funds, coupled with the latest Treasury bill result, led to the fall, amid an air of general frustration.

Day-to-day credit was in slightly short supply yesterday, and the authorities gave assistance by buying a moderate amount of Treasury bills from the discount houses.

Settlement of gilt-edged sales on a modest scale, and a fairly large call of 50 per cent on Treasury 12¾ per cent 2003/05 were the factors against the market, but these were partly offset by a moderate excess of Government disbursements over revenue payments to the Exchequer, a moderate fall in the note circulation, and small net maturities of Treasury bills.

Discount houses paid up to 11½ per cent for secured call loans, and closing rates were in the region of 10-10½ per cent.

In the interbank market overnight loans opened at 11-11¼ per cent and eased to 10½-10¾ per cent, before rising to 11½-11¾ per cent in thin trading at the close.

LONDON MONEY RATES

Jan. 8 1979	Sterling Certificate on deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	10⅞-11⅛	—	—	—	11⅛	10-11¼	—	—	—
2 days notice	—	—	11⅜-11⅝	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	11⅜	—	—	—	—
7 days notice	—	11⅛-11⅜	11⅝-11¾	—	11¾	—	10⅝-11	—	—	—
One month	11⅞-11¾	11¾-11⅞	11¾-11⅞	12⅛-12⅜	12⅛	12¼	11¾	11⅞	11⅞	12½
Two months	12⅛-12	12⅛-12⅜	—	12-12⅜	12½	—	11¾-11⅞	11⅞	11⅞	12⅝
Three months	12⅛-12	12¼-12⅛	12⅛-12⅛	12-12⅜	12⅝	12⅝	12	11⅞-11¾	12-12⅛	12¾
Six months	12¼-12⅛	12¼-12⅜	12⅛-12¼	11⅞-12¼	12⅜	—	—	—	11⅞	13
Nine months	12⅛-11⅞	12-12¼	—	12-12⅜	12⅝	—	—	—	—	—
One year	12-11⅞	11⅞-12⅛	12-12⅛	11⅞-12⅜	12¼	—	—	—	—	—
Two years	—	—	12⅛-12⅛	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. *Long-term local authority mortgage rates nominally three years 12¾-12⅞ per cent; four years 12⅞-12⅞ per cent; five years 12⅞-13 per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 11⅞-12 per cent; four-month trade bills 12⅞ per cent.

Approximate selling rates for one-month Treasury bills 11⅝ per cent; two-month 11⅞-11⅞ per cent; three-month 11⅞-11⅞ per cent. Approximate selling rate for one-month bank bills 11⅝ per cent; two-month 11⅞-11⅞ per cent; and three-month 11⅞-12 per cent; one-month trade bills 12⅛ per cent; two-month 12⅜ per cent; and also three-month 12⅝ per cent.

Finance House Base Rates (published by the Finance Houses Association) 12½ per cent from January 1, 1979. Clearing Bank Deposit Rates for small sums at seven days' notice 10 per cent. Clearing Bank Rates for lending 12½ per cent. Treasury Bills: Average tender rates of discount 11.5985 per cent.

MONEY RATES

NEW YORK	
Prime Rates	11.75
Fed Funds	10
Treasury Bills (13-week)	9.34
Treasury Bills (26-week)	9.40
GERMANY	
Discount Rate	3
Overnight	2.95
One month	3.50
Three months	3.65
Six months	3.75
FRANCE	
Discount Rate	9.5
Overnight	6.875
One month	6.5625
Three months	6.5625
Six months	6.5625
JAPAN	
Discount Rate	3.5
Call (Unconditional)	4.75
Bills Discount Rate	4.625

World Value of the Pound

The table below gives the latest available rates of exchange for the pound against various currencies on January 8, 1979. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Exchange in the UK and most of the countries listed is officially controlled and the rates shown should not be taken as being applicable to any particular transaction without reference to an authorised dealer.

Abbreviations: (S) member of the sterling area other than Scheduled Territories; (k) Scheduled Territory; (o) official rate; (F) free rate; (T) tourist rate; (n.c.) non-commercial rate; (n.a.) not available; (A) approximate rate no direct quotation available; (sg) selling rate; (bg) buying rate; (nom.) nominal; (exC) exchange certificate rate; (P) based on U.S. dollar parities and going sterling dollar rate; (Bk) bankers' rate; (Bas) basic rate; (cm) commercial rate; (cn) convertible rate; (fn) financial rate.

Sharp fluctuations have been seen lately in the foreign exchange market. Rates in the table below are not in all cases closing rates on the dates shown.

Place and Local Unit		Value of £ Sterling
Afghanistan	Afghani	74.00
Albania	Lek	10.1652
Algeria	Dinar	7.7664
Andorra	French Franc	8.54
	Spanish Peseta	141.52
Angola	Kwanza	n.a.
Antigua (S)	E. Caribbean $	5.4739
Argentina	Ar. Peso Free Rate	2,031
Australia (S)	Australian $	1.7680
Austria	Schilling	27.2856
Azores	Portug. Escudo	94.0
Bahamas (S)	Ba. Dollar	2.0255
Bangladesh (S)	Taka	30.55(sg)
Bahrain (S)	Dinar	0.776
Balearic Isles	Spa. Peseta	141.52
Barbados (S)	Barbados $††	4.051
Belgium	B. Franc	(cm) 58.75
		(fn) 59.50
Belize	B $	4.051
Benin	C.F.A. Franc	427
Bermuda (S)	Bda. $	2.0255
Bhutan	Indian Rupee	16.45(sg)
Bolivia	Bolivian Peso	40.510
Botswana (S)	Pula	1.6774
Brazil	Cruzeiro ‡‡	42.18
Br. Virgin Is. (S)	U.S. $	2.0255
Brunei (S)	Brunei $	4.50
Bulgaria	Lev	1.7846
Burma	Kyat	13.5257
Burundi	Burundi Franc	182.76
Cameroon Rp	C.F.A. Franc	427
Canada	Canadian $	2.4050
Canary Isles	Spanish Peseta	141.52
Cape Verde I.	Cape V. Escudo	76.551
Cayman Is. (S)	Cay. Is. $	1.6879
Cent. Af. Rp.	C.F.A. Franc	427
Chad	C.F.A. Franc	427
Chile	C. Peso	(Bk) 68.68
China	Renminbi Yuan	3.1800
Colombia	C. Peso	(F) 82.88
Comoro Is.	C.F.A. Franc	427
Congo (B'ville)	C.F.A. Franc	427
Costa Rica	Colon	17.4195
Cuba	Cuban Peso	1.4584
Cyprus (S)	Cyprus £	[illegible]
Czechoslovakia	Koruna	(com) 10.60
		n/c 21.18
		(T) 17.78
Denmark	Danish Kroner	10.3425
Djibouti	Fr.	350.0
Dominica (S)	E. Caribbean $	5.4739
Domin. Rep.	Dominican Peso	2.0255
Ecuador	Sucre	(O) 50.60
		(F) 53.69
Egypt	Egyptian £	(O) 0.7809
		(T) 1.5600
Ethiopia	Ethiopian Birr	(P) 4.1978
Eq'l Guinea	Peseta	141.52
Falkland Is. (S)	Falkland Is £	1.0
Faro Is.	Danish Krone	10.3425
Fiji Is.	Fiji $	1.6800
Finland	Markka	7.97
France	French Franc	8.54
Fr. C'tyin Af*	C.F.A. Franc	427
Fr. Guiana	Local Franc	8.54
Fr. Pac. Is.	C.F.P. Franc	155.27
Gabon	C.F.A. Franc	427
Gambia (S)	Dalasi	4.0259
Germany (East)	Ostmark	3.7825
Germany (West)	Deutsche Mark	3.7825
Ghana (S)	Cedi	5.49(sg)
Gibraltar (S)	Gibraltar £	1.0
Gilbert Is.	Aust. Dollar	1.7680
Greece	Drachma	73.815
Greenland	Danish Kroner	10.3425
Grenada (S)	E. Caribbean $	5.4739
Guadaloupe	Local Franc	8.54
Guam	US $	2.0255
Guatemala	Quetzal	2.0255
Guinea Rep.	Syly	38.9665
Guinea Bissau	Peso	69.9209
Guyana (S)	Guyanese $	5.1650
Haiti	Gourde	10.1275
Honduras Rep	Lempira	4.06
Hong Kong (S)	H.K. $	9.5900
Hungary	Forint	(com) 72.66
		(T)(nc) 38.55
Iceland (S)	I Krona	644.8
India (S)	Ind. Rupee	16.45(sg)
Indonesia	Rupiah	1,265.9
Iran	Rial	155.985
Iraq	Iraq Dinar	0.5265
Irish Rep (k)	Irish £	1.00
Israel	Israel £	37.950
Italy	Lira	1,685
Ivory Coast	C.F.A. Franc	427
Jamaica (S)	Jamaica Dollar	3.4352
Japan	Yen	396.5
Jordan (S)	Jordan Dinar	0.590(sg)
Kampuchea	Riel	2450.8
Kenya (S)	Kenya Shilling	15.0464
Korea (Nth)	Won	1.74 ‖
Korea (Sth)	Won	984.58
Kuwait (S)	Kuwait Dinar	0.552
Laos	Kip Pot Po	810.2
Lebanon	Lebanese £	6.0856
Lesotho	S. African Rand	1.7587
Liberia	Liberian $	2.0255
Libya	Libyan Dinar	0.5996
Liecht'stein	Swiss Franc	3.3250
Luxembourg	Lux Franc	58.75
Macao	Pataca	10.0465
Madeira	Portug'se Escudo	94.08
Malagasy Rp.	MG Franc	427
Malawi (S)	Kwacha	1.6689
Malaysia (S)	Ringgit	4.4700
Maldive Is. (S)	Mal Rupee	7.9602
Mali Rp.	Mali Franc	854.0
Malta (S)	Maltese £	0.7400
Martinique	Local Franc	8.54
Mauritania	Ouguiya	[illegible]
Mauritius (S)	M. Rupee	12.0827
Mexico	Mexican Peso	45.96
Miquelon	C.F.A. Franc	427
Monaco	French Franc	8.54
Mongolia	Tugrik	(O) 5.5772 ‖
Montserrat	E. Caribbean $	5.4739
Morocco	Dirham	7.85(sg)
Mozambique	Moz. Escudo	65.096
Nauru Is.	Aust. Dollar	1.7680
Nepal	Nepalese Rupee	24.386
Netherlands	Guilder	4.0225
Neth. Ant'les	Antillian Guild.	[illegible]
New Hebrides	Franc	158.02
	Aust. Dollar	1.7680
N. Zealand (S)	N.Z. Dollar	[illegible]
Nicaragua	Cordoba	14.21
Niger Rp.	C.F.A. Franc	427
Nigeria (S)	Naira	1.2875(sg)
Norway	Nrwg. Krone	10.1725
Oman Sultanate of (S)	Rial Omani	0.698
Pakistan	Pkst. Rupee	19.95(sg)
Panama	Balboa	[illegible]
Papua N.G. (S)	Kina	1.4000
Paraguay	Guarani	252.40
P'pl's D. Rp of Yemen (S)	S. Yemen Dinar	(A) 0.6917
Peru	Sol	(exC)(A) 398.75
Philippines	Ph. Peso	14.489
Pitcairn Is. (S)	£ Sterling	—
	New Zealand $	1.9910
Poland	Zloty	(Cm) 62.25
		(T) 62.25
Portugal	Pgse. Escudo	94
Port Timor	Timor Escudo	94
Principe Isle	Pgse. Escudo	94
Puerto Rico	U.S. $	2.0255
Qatar (S)	Qatar Ryal	7.76
Reunion Ile de la	French Franc	8.7575
Rhodesia	Rhodesian $	1.4047
Romania	Leu	(cm) 9.07
		(nc)T 24.85
Rwanda	Rwanda Franc	185.66
St. Christopher (S)	E. Caribbean $	5.4739
St. Helena	St. Helena £	1.0
St. Lucia	E. Caribbean $	5.4739
St. Pierre	C.F.A. Franc	427
St. Vincent (S)	E. Caribbean $	5.4739
Salvador El	Colon	5.06
Samoa (Am.)	U.S. $	2.0255
San Marino	Italian Lire	1,685
Sao Tome	Pgse. Escudo	94
Saudi Arabia	Ryal	6.70
Senegal	C.F.A. Franc	427
Seychelles	S. Rupee	13.53
Sierra Le'ne (S)	Leone	2.0129
Singapore (S)	Singapore $	[illegible]
Solomon Is. (S)	Solomon Is. $	1.7628
Somali Rep.	Som Shilling	(A) 12.7505
Sth. Africa (S)	Rand	1.7587
S. W. African Territories (S)	S. A. Rand	1.7587
Spain	Peseta	141.52
Span. ports in North Africa	Peseta	141.52
Sri Lanka (S)	S. L. Rupee	31.55
Sudan Rp.	Sudan £	(A) 0.8102
Surinam	S. Guilder	3.6256
Swaziland (S)	Lilangeni	1.7587
Sweden	S. Krona	8.7575
Switzerland	Swiss Franc	3.3250
Syria	Syria £	(A) 7.9501
Taiwan	New Taiwan	(P) 72.918
Tanzania (S)	Tan. Shilling	15.04
Thailand	Baht	40.815(sg)
Togo Rp.	C.F.A. Franc	427
Tonga Is. (S)	Pa'anga	1.7828
Trinidad (S)	Trin. & Tobago	4.8612
Tunisia	Tunisian Dinar	0.780(sg)
Turkey	Turkish Lira	50.10
Turks & C's.	U.S. $	2.0255
Tuvalu	Australian $	1.7680
Uganda (S)	Ug. Shilling	14.74
United States	U.S. Dollar	2.0255
Uruguay	Uruguay Peso	(cm) 14.81
		(fn) 14.24
Utd. A'b Emts.	U.A.E. Dirham	7.76
U.S.S.R.	Rouble	1.30
Upper Volta	C.F.A. Franc	427
Vatican	Italian Lire	1,685
Venezuela	Bolivar	8.6900
Vietnam	Dong	(O) 4.4505
		(T) 5.078
Virgin Is. U.S.	U.S. Dollar	2.0255
Western Samoa (S)	Samoan Tala	1.4882
Yemen	Ryal	9.16(sg)
Yugoslavia	New Y Dinar	37.5511
Zaire Rp.	Zaire	1.3088
Zambia	Kwacha	1.5850

* That part of the French community in Africa formerly part of French West Africa or French Equatorial Africa. † Rupees per pound. ‡ General rates of oil and iron exports 85.071. ‖ Based on cross rates against Russian rouble. ** Rate is the Transfer market (controlled). †† Rate is now based on 2 Barbados £ to the dollar. ‡‡ Now one official rate.

Early Wall St. 7 reaction on profit-taking

INVESTMENT DOLLAR PREMIUM
$2.60 to £1—83½% (83¾%)
Effective $2.0255 43% (42¾%)

WITH PROFT-TAKING setting in after last week's advance, Wall Street reacted in moderate activity yesterday morning.

The Dow Jones Industrial Average, up 25.7 over the holiday shortened previous week, came back 7.19 to 823.54 at 1 pm.

Closing prices and market reports were not available for this edition.

The NYSE All Common Index retreated 39 cents to $55.02, while declines outpaced gains by more than a two-to-one margin. Trading volume came to 14.74m shares, below last Friday's 1 pm level of 17.08m.

Analysts said the report late last Friday that consumer credit rose sharply again in November was worrying some investors, who believe consumers will soon be forced to cut back on spending, increasing the risk of a recession.

Columbia Pictures declined 1¾ to $22¼. Its directors have decided not to recommend to shareholders General Cinema's proposed offer to buy 20 per cent of Columbia's shares for more than $24 each. **General Cinema** put on ¼ to $35¾.

Harrah's lost $1 to $21¼. It is to allow an option on some Atlantic City property to expire if the owner is unable to obtain zoning variances to permit construction of a hotel/casino.

Tyco Laboratories shed $1 to $18¾. The company has sold its 4.9 per cent stake in Trane stock back to Trane for $13.76m or $50 a share. It had purchased the shares for $11.83m. Trane were unchanged at $39½.

Iowa Beef Processors fell 3¼ to $42¼ following a late start due to an order imbalance.

THE AMERICAN SE Market Value Index receded 0.85 to 156.81 at 1 p.m. Volume 1.69m shares (1.97m).

Among the actives, **Angal** lost ⅞ to $27¼, **Brascan "A"** ¼ to $16½ and **Colonial Commercial** ¼ to $14¼.

Volume leader **Resorts International "A"** added ¼ to $30¼ even though the December daily net winnings at its Atlantic City casino fell 20 per cent from the November level.

Canada

Shares displayed an easier bias at mid-day after busy trading.

The Toronto Composite Index lost 2.7 to 1,342.3 at noon, while Oils and Gas came back 19.0 to 1,886.9 and Utilities 1.24 to 201.52. Metals and Minerals, however, gained 7.1 to 155.0, and Papers rose 1.06 to 163.13.

Simpsons shed 15 cents to C$2.20. Company officers intend to accept Hudson's Bay's offer for their holdings in Simpsons.

Germany

Stock prices improved over a wide front in moderate activity, boosted by the agreement reached on Sunday to end the Northwest German steel and iron workers strike. The Commerzbank index rose 7.0 to 833.4.

Although the Wage Commission and members of IG Metall still had to accept the agreement, this was being mostly taken as a foregone conclusion.

Among Motors, **Volkswagen** gained DM 2.70, **BMW** DM 3.20 and **Daimler** DM 3.50, while in Steels, **Mannesmann** put on 80 pfennigs, **Thyssen** 80 pfennigs and **GHH** DM 1.80.

Siemens, in Electricals, were quoted at ex-rights at DM 281.90, with the subscription rights at DM 8.75 on the first day of trading.

Deutsche Bank firmed DM 1.00, while **Krupp** advanced DM 4 and **Degussa** DM 3.00.

Public Authority Bonds shed up to 25 pfennigs. The Regulating Authorities purchased a nominal DM 3.8m of paper, compared with sales of DM 31.3m on Friday. Mark Foreign Loans were mostly steady.

Tokyo

With profit-taking more in evidence, stocks finished on a mixed note yesterday following the market's recent buoyant performance.

The Nikkei-Dow Jones Average ended a modest 8.84 higher at 6,076.88, but the Tokyo SE index receded 1.53 to 457.38. Trading was active, with volume reaching 450m shares, compared with last Friday's 380m.

Major investment trusts and institutional investors bought Steels and Heavy Electricals, attracted by anticipated good business prospects.

Machine Manufacturers gained ground on expectations of increased domestic demand for machine tools, while Non-Ferrous Metals were also higher.

Hitachi added Y3 at Y269, **Toshiba** also Y3 at Y153, **Ikegai Iron** Y19 at Y289 and **Toshiba Machinery** Y8 at Y348.

Constructions and some Blue Chips, however, closed lower on profit-taking. **Pioneer Electronic** lost Y10 to Y1,840, **Olympus** Y10 to Y755 and **Shiseido** Y10 to Y1,150.

Paris

Shares were mixed with a firmer bias in quiet trading, with Mutual Funds providing fresh buying support for some issues.

Banks, Finance Houses, Foods, Engineerings, Hotels, Stores, Electricals and Petroleums were firmer for choice, while Chemicals were mixed and the remaining sectors easier.

Among gaining issues were **Kleber, CIC, CFDE, Sias, Carrefour, Sereg, Borel, Arjomari, LMI, Primagaz** and **Lyonnaise des Eaux**.

Losing ground were **Locafrance, Pechelbronn, BSN, Bouygues, Peugeot-Citroen**, also **Micheline, Chiers** and **Penarroya**.

Australia

After an initial fresh improvement, stocks tended to ease back during afternoon trading as buying interest waned. Minings and Oils finished mixed on balance, although the Industrials sector still showed a majority of gains on the day.

BHP advanced to A$9.42 before coming back to A$9.30, unchanged on balance.

AOG featured in Oils, scoring a gain of 8 cents at 84 cents.

Central Norseman Gold provided considerable interest amid rumours of a planned bonus issue or a share split, finishing 60 cents stronger at A$15.60.

Diamond leader **CRA**, however, relinquished 8 cents at A$3.52 and its Ashton joint venture partner, **Ashton Mining**, also eased ahead of the quarterly report on the Ashton diamond prospect, due shortly.

Elsewhere in Minings, **North Broken Holdings** rose 8 cents to A$1.40 and **MIM** 4 cents to A$2.70.

On the Industrials boards **Carlton United Brewery** put on 4 cents to A$1.72 and **ICI Australia** 3 cents to A$2.32.

Properties were firmer, but Banks finished on an easier note.

Hong Kong

The market closed marginally lower after very quiet trading, unaffected by developments in Cambodia. The Hang Seng index shed 1.94 to 504.52.

Hong Kong Bank and **Hong Kong Land** each eased 10 cents to HK$17.80 and HK$7.60 respectively. **Jardine Matheson** were unchanged at HK$11.80, while **Swire Pacific "A"** lost 5 cents to HK$7.95.

Elsewhere, **Cheung Kong** gained 5 cents against the trend to HK$8.60.

Johannesburg

Gold shares were narrowly irregular after a thin business.

Diamond leader **De Beers** relinquished 15 cents to R8.70 ahead of CSO sales figures, due today.

Other Metals and Minerals, however, were mainly firmer. Platinums had **Lydenburg** 9 cents higher at R1.52. Copper share **Palamin** gained 30 cents to R9.50, while Colliery shares gained fresh ground on further speculation over the Iranian oil crisis.

The Industrials market was quietly firmer in a small trade.

Brussels

Mostly higher after an active trading session.

Among Steels, **Hainaut-Sambre** rose 26 to BFr738, while in higher Non-Ferrous Metals, **Asturienne** advanced 40 to BFr 670. **Gevaert** put on 42 to BFr 1,460 in firm Chemicals, while Oils improved modestly, with **Petrofina** gaining 20 to BFr 3,420. **Societe Generale** were up 20 at BFr 2,606 in firm Holdings issues, but Utilities finished little changed.

Amsterdam

Narrowly mixed after slow trading.

Unilever and **Royal Dutch** were unchanged in otherwise firmer Dutch Internationals, where **Hoogovens** rose Fl 1.80 to Fl 36.20 on the German steel strike settlement.

Elsewhere, **OCE-Van der Grinten** improved Fl 1.80, **Elsevier** Fl 3, **AMEV** Fl 1.10 and **Heineken** Fl 0.90. However, **Bukrmeister Tetterode** declined Fl 1.00.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
◆ DM 50 denom. unless otherwise stated, yields based on net dividends plus tax.
♥ Pta 500 denom. unless otherwise stated.
♣ DKr 100 denom. unless otherwise stated.
⊕ SwFr 500 denom. and Bearer shares unless otherwise stated. ¶ Y50 denom. unless otherwise stated. ≠ Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m% tax free. n Francs including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. Δ Interim since increased.

NEW YORK

Stock	Jan. 5	Jan. 4
Abbott Labs.	35½	34½
AM International	23⅝	23½
Aetna Life & Ca.	40	39
Airproducts	25¼	25¼
Alcan Aluminium	34¼	34¼
Alcoa	48½	48¼
Alleg. Ludlum	16⅜	15¾
Allegheny Power	16½	16⅛
Allied Chemical	30	29½
[illegible]	[illegible]	[illegible]

Stock	Jan. 5	Jan. 4
Corning Glass	55¼	55¼
CPC Int'rn'tional	51⅝	51⅜
Crane	26	25¾
Crocker Nat'l	26	25½
Crown Zellerb'h	33⅛	33⅛
Cummins Engine	33⅞	34⅜
Curtiss Wright	14⅛	13¾
Dana	29⅞	29⅛
Dart Industries	41⅜	40⅛
Deere	38⅛	37½
[illegible]	[illegible]	[illegible]

Stock	Jan. 5	Jan. 4
Johns Manville	24⅛	24⅜
Johnson Johnson	75⅝	75⅜
Johnson Control	26¼	26
Joy Manufacturg	29⅛	28¾
K. Mar Corp	23½	23⅜
Kaiser Alumini'm	17¾	17⅞
Kaiser Industries	2	2⅛
Kaiser Steel	20⅝	21⅛
Kay	13¼	12⅞
Kennecott	20¾	20½
Kerr McGee	49⅝	49½
[illegible]	[illegible]	[illegible]

Stock	Jan. 5	Jan. 4
Revlon	52⅞	53⅛
Reynolds Metals	35½	34¾
Reynolds R.J.	56⅝	56⅝
Rich'son Merrell	23⅞	23¾
Rockwell Inter.	35⅝	35
Rohm & Haas	33¼	32⅞
Royal Dutch	61⅛	61⅛
RTB	10⅞	10⅝
Ross Togs	10⅞	10¼
Ryder System	24⅛	24¾
[illegible]	[illegible]	[illegible]

Stock	Jan. 5	Jan. 4
Woolworth	19¼	19⅛
Wyly	5⅛	5⅛
Xerox	56⅛	55⅝
Zapata	14⅛	13⅞
Zenith Radio	14⅛	14
U.S.Treas. 4% '80	†93⅞	†93⅞
USTreas4¼%75/85	†77⅞	†77⅞
U.S. 90-day bills	9.33%	9.30%

CANADA

Stock	Jan. 5	Jan. 4
[illegible]	[illegible]	[illegible]

GERMANY ◆

Jan. 8	Price Dm.	+ or —	Div. %	Yld. %
AEG	78.20	+0.28	—	—
Allianz Versich.	498	—1	31.2	3.1
BMW	228.20	+3.20	28.12	6.2
BASF	138	+1.3	18.75	6.8
Bayer	138	+2.2	18.75	6.8
Bayer.Hypo	305xr	+2.5	28.12	4.6
Bay. Vereinsbk.	317	+2	28.12	4.5
Commerzbank	237	—1.2	26.56	5.9
Conti Gummi	66.30	+0.7	—	—
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TOKYO ¶

Jan. 8	Prices Yen	+ or —	Div. %	Yld. %
Asahi Glass	358	—1	14	1.9
Canon	485	+10	12	1.2
Casio	880	—6	25	1.4
Chinon	360	+2	20	2.8
Dai Nippon Print	577	—1	18	1.5
Fuji Photo	706	+14	15	1.1
Hitachi	269	+3	12	2.2
Honda Motors	485	+3	18	1.9
House Food	1,080	+20	35	1.6
C. Itoh	260	—4	12	2.4
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Source Nikko Securities, Tokyo

BRUSSELS/LUXEMBOURG

Jan. 8	Price Frs.	+ or —	Div. Frs. Net	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

AMSTERDAM

Jan. 8	Price Fls.	+ or —	Div. %	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SWITZERLAND ⊕

Jan. 8	Price Frs.	+ or —	Div. %	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

COPENHAGEN ♣

Jan. 8	Price Kroner	+ or —	Div. %	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

MILAN

Jan. 8	Price Lire	+ or —	Div. Lire	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

VIENNA

Jan. 8	Price %	+ or —	Div. %	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

PARIS

Jan. 8	Price Frs.	+ or —	Div. Frs.	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

STOCKHOLM

Jan. 8	Price Kronor	+ or —	Div. Kr.	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

AUSTRALIA

Jan. 8	Aust. $	+ or —
[illegible]	[illegible]	[illegible]

OSLO

Jan. 8	Price Kroner	+ or —	Div. %	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BRAZIL

Jan. 8	Price Cruz	+ or —	Cruz Div.	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Turnover Cr.70.0m. Volume 35.1m.
Source: Rio de Janeiro SE

JOHANNESBURG

MINES

January 8	Rand	+ or —
[illegible]	[illegible]	[illegible]

INDUSTRIALS

	Rand	+ or —
[illegible]	[illegible]	[illegible]

Securities Rand US$0.64
(Discount of 44.4%)

SPAIN ♥

January 8	Per cent	+ or —
[illegible]	[illegible]	[illegible]

Indices

NEW YORK —DOW JONES

	Jan. 5	Jan. 4	Jan. 3	Jan. 2	Dec. 29	Dec. 28	1978-79 High	1978-79 Low	Since Compilat'n High	Since Compilat'n Low
◆Industrials	830.73	826.14	817.39	811.42	805.01	805.96	907.74 (8/9)	742.12 (28/2)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds.	84.49	84.55	84.35	84.62	84.54	84.71	90.26 (4/1)	84.35 (3/1/79)	—	—
Transport.	217.57	217.23	214.55	210.17	208.56	206.95	261.48 (8/9)	199.31 (9/1)	279.88 (7/2/69)	12.23 (8/7/32)
Utilities	101.59	101.08	100.57	99.79	98.24	98.14	110.98 (3/1)	97.73 (20/12)	165.32 (20/4/69)	10.58 (28/4/42)
Trading vol. 000's	28,960	33,400	29,190	18,580	30,030	25,440	—	—	—	—

◆Day's high 837.25 low 823.83

Ind. div. yield %	Dec. 29	Dec. 22	Dec. 15	Year ago approx
	6.03	6.00	6.02	5.54

STANDARD AND POORS

	Jan. 5	Jan. 4	Jan. 3	Jan. 2	Dec. 29	Dec. 28	1978-79 High	1978-79 Low	Since Compilat'n High	Since Compilat'n Low
†Industrials	110.46	109.82	109.08	107.81	107.21	107.41	118.71 (12/9)	95.52 (6/3)	134.64 (11/1/73)	3.55 (30/6/32)
§Composite	99.15	98.58	97.80	96.73	96.11	96.28	106.96 (12/9)	86.90 (6/3)	125.85 (11/1/73)	4.40 (1/6/32)

	Jan. 3	Dec. 27	Dec. 20	Year ago (approx.)
Ind. div. yield %	5.04	5.10	5.21	4.90
Ind. P/E Ratio	8.84	8.74	8.55	9.13
Long Gov. Bond yield	8.96	8.92	8.95	8.02

N.Y.S.E. ALL COMMON

Jan. 5	Jan. 4	Jan. 3	Jan. 2	1978-79 High	1978-79 Low
55.41	55.05	54.57	53.95	60.38 (11/9)	48.37 (6/3)

Rises and Falls

	Jan. 5	Jan. 4	Jan. 3
Issues Traded	1,903	1,905	1,894
Rises	1,166	1231	1,352
Falls	385	336	265
Unchanged	352	338	277
New Highs	—	37	21
New Lows	—	19	15

MONTREAL

	Jan. 5	Jan. 4	Jan. 3	Jan. 2	1978-79 High	1978-79 Low
Industrial	225.62	224.71	222.21	218.19	225.62 (5/1/79)	162.96 (16/2)
Combined	231.45	230.32	228.27	225.80	231.45 (5/1/79)	170.52 (30/1)
TORONTO Composite	1345.0	1338.5	1331.2	1315.8	1345.0 (5/1/79)	998.2 (30/1)
JOHANNESBURG Gold	260.9	248.4	260.0	260.5	272.0 (14/8)	186.0 (20/4)
Industrial	274.7	272.2	271.0	270.5	281.8 (1/11)	194.9 (13/3)

	Jan. 8	Previous	1978-9 High	1978-9 Low
Australia (¶)	562.87	561.67	586.79 (22/9)	411.19 (1/3)
Belgium (‖)	99.76	99.15	101.16 (8/6)	90.43 (23/6)
Denmark (**)	88.32	88.44	98.95 (14/6)	88.08 (30/10)
France (††)	77.1	76.8	83.0 (4/10)	47.6 (3/2)
Germany (‡‡)	833.4	826.40	853.8 (19/10)	759.4 (17/5)
Holland (§§)	82.1	81.8	93.1 (11/9)	76.0 (4/4)
Hong Kong (¶¶)	504.52	506.46	707.70 (4/9)	383.4 (13/4)
Italy (‖‖)	70.34	70.02	82.25 (25/9)	55.45 (10/1)
Japan (a)	457.38	458.91	458.91 (8/1/79)	364.04 (4/10)
Singapore (b)	356.65	355.41	414.50 (8/9)	252.0 (9/1)

	Jan. 8	Previous	1978-9 High	1978-9 Low
Spain (d)	(c)	95.50	98.79 (2/1/79)	95.50 (5/1/79)
Sweden (e)	379.20	375.28	40c.00 (4/8)	325.74 (3/1)
Switzerld (f)	298.1	298.1	325.7 (14/8)	261.3 (28/6)

Indices and base dates (all base values 100 except NYSE All Common—50; Standards and Poors—10; and Toronto 300—1,000; the last named based on 1975). † Excluding bonds. ‡ 400 Industrials. § 400 Industrials, 40 Utilities, 40 Finance and 20 Transport. ¶ Sydney All Ordinary. ‖ Belgian SE 31/12/63. ** Copenhagen SE 1/1/73. †† Paris Bourse 1961. ‡‡ Commerzbank Dec. 1953. §§ Amsterdam Industrial 1970. ¶¶ Hang Seng Bank 31/7/64. ‖‖ Banca Commerciale Italiana 1972. a Tokyo New SE 4/1/68. b Straits Times 1966. c Closed. d Madrid SE 30/12/77. e Stockholm Industrial 1/1/58. f Swiss Bank Corporation. u Unavailable.

FRIDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Am. Home Prd.	614,500	28	—⅜
Revlon	449,100	52⅞	—¼
Occidental Pet.	325,500	17⅞	+⅛
Deere	265,100	38⅛	+⅝
U.S. Steel	240,300	24⅝	+⅞
Exxon	237,500	50⅝	+⅛
Min. Mg. & Mfg.	228,100	65	+⅝
Polaroid	212,300	53⅞	+1
Boeing	210,600	74⅝	+1⅝
Duke Power	209,400	19⅝	—⅛

COMMODITIES, RAW MATERIALS and AGRICULTURE

هكذا من الأصل

Kenya faces locust invasion

By John Worrall in Nairobi

KENYA has declared a full alert in northern province and taken emergency measures to combat locust swarms from Ethiopia's Ogaden Desert. Swarms are breeding out of control in the Ogaden following the war between Somali guerrillas and the Ethiopian forces, which has prevented spray aircraft operations.

The winds are now favourable for a locust invasion of Kenya, the first for 20 years, and the locust control unit of the Kenya army has 10,000 litres of insecticides near the Kenya-Ethiopia-Somali border.

Ground-spraying units of the army have four Land Rovers mounted with sprayers, and two spraying aircraft, mobilised.

The army is working in co-operation with the Locust Control Organisation of East Africa, which has aircraft, transport, and men working in Ethiopia and Somalia.

Strong advance in copper prices as stocks fall

BY JOHN EDWARDS, COMMODITIES EDITOR

COPPER PRICES rose strongly yesterday on the London Metal Exchange, closing at the highest level since May, 1977 and advancing still further in late kerb trading. Cash wirebars closed £10.75 up at £792.25 a tonne, while the three months quotation gained £11 to £804.25.

The rise was triggered off by the higher trend in New York on Friday night, and forecasts of further substantial shipments out of warehouse stocks.

As expected, copper stocks held in LME warehouses dropped last week by 4,300 tonnes cutting total holdings to 369,350 tonnes — the lowest level since August, 1975. But further substantial shipments out are expected, emphasising the current shortage of good quality brands available.

Speculative enthusiasm has been stimulated by the generally firmer tone of the market, the U.S. producer price increases and the attainment of chartist buying points. The narrowing of the gap between the cash price and three months quotation, despite high interest rates, is also encouraging more speculative participation. This was sufficiently strong yesterday to offset some trade selling into the market.

News from Lima suggested that metals output there may be threatened once again following the call from union leaders for a three-day general strike. But in Canada talks are still going on seeking a settlement of the four-month-old International Nickel strike, and talks to end Noranda's Gaspe copper mine stoppage are also planned this week.

Cash lead surged to a new peak of £480 a tonne in early trading, but came back on profit-taking to close virtually unchanged at £467.5 a tonne. The three months quotation, however, gained £4 to £432.25 reflecting predictions of more falls in the already meagre warehouse stocks in the next few weeks. Last week's stocks fall of 75 tonnes reduced total holdings to 15,400 tonnes.

Tin stocks unexpectedly rose by 175 tonnes to a total of 1,760 tonnes. But the strength of copper, an increase in the Penang market over the weekend and some U.S. buying interest brought a modest rise in values in a market still waiting to hear what action the U.S. is planning over stockpile releases. It is hoped this may become clearer during the meetings of the International Tin Council in London this month.

Aluminium stocks held in LME warehouses rose by 800 tonnes to a total of 3,875 tonnes. Trading remained subdued but there was reported to be switching of 99.7 per cent grade aluminium against the lower quality 99.5 grade specified under the LME contract.

Zinc stocks fell by 1,250 to 68,300 tonnes. LME silver holdings rose by 10,000 to 22,970,000 ounces.

U.S. cocoa demand higher

By Our Commodities Staff

COCOA PRICES fell on the London futures market yesterday afternoon following an announcement that U.S. fourth quarter 1978 grindings were 14.7 per cent up on the corresponding quarter of the previous year.

The figure confirmed most dealers' forecasts for the U.S. grind but evidently disappointed some speculators who had been influenced by isolated predictions that the rise might be as high as 22 per cent.

These forecasts encouraged a firm tone early in the day but prices had started to drift even before the official figure was announced by the U.S. Chocolate Manufacturers' Association.

Following the announcement the fall gathered pace and by the close May delivery cocoa was quoted at £1,964 a tonne, down £26.5 on the day.

October-December U.S. cocoa bean grindings totalled 49,897 short tons compared with 43,485 in the same period of 1977, the Association said. Total 1978 grindings were 179,307 short tons compared with 202,555 in 1977.

London traders said the UK fourth quarter grind was still expected to be about unchanged but the West German figure could show a small increase.

BANGLADESH

Bold plan for food self-sufficiency

BY KEVIN RAFFERTY

SENIOR OFFICIALS in Bangladesh have produced an outline plan to change completely the main foodcrop growing season from summer to winter.

They say if it can be implemented it will allow the country to get rid of the food deficit and actually enable Bangladesh to become an exporter of food.

It is a splendid plan—yet it neatly and precisely illustrates what is wrong with Bangladesh.

Food production in Bangladesh has been steadily improving over the last few years. In the 1978 crop year, despite some setbacks, total production should reach about 13.6m tons, an improvement of 300,000 tons on the previous year. This still means that the country will need imports of more than 1m tons.

All but a few hundred thousand tons of the food production is rice and the bulk of that is grown during the monsoon. This crop, known as Aman, normally contributes between 7m and 7.5m tons. The two smaller crops, the Aus (or summer) and the Boro (or winter) each add 2.5m to 3m tons.

However, inspired by the success of the programme for winter wheat, the officials have been looking again at the areas and yields of the various rice crops.

Dr. Chowdhury, a former FAO official and now the member of the Bangladesh Planning Commission in charge of agriculture, pointed out that the best yield from the Aman season rice was half a ton an acre. That of Aus rice was lower, about 0.33 ton. But the Boro rice was yielding an average of 1.2 tons.

It is easy to explain the differences. The Boro crop has benefited most from the new seeds of the "Green revolution." Because of the immense amounts of monsoon water around in the Aman period it has not been possible to develop a new seed variety that successfully resists flooding.

There are other advantages in the Boro period. It is the best time for unbroken sunlight and there are fewer pests.

So, says Dr. Chowdhury, there are many reasons for advocating a switch to winter production. But there is just one vital thing missing for massive winter rice or wheat production—water.

In a land criss-crossed by rivers and where ferry is often the only means of reaching a place it is an irony that there should be a shortage of water.

But Dr. Chowdhury points out that there are plenty of water sources which remain untapped. The backbone of the programme to shift the main crop period should be a big irrigation programme.

Bangladesh's 14,000 low lift pumps have exhausted the surface water, but there is plenty of underground water and if 30,000 to 40,000 deep tubewells and 50,000 to 70,000 shallow tubewells are sunk the problem would be solved. At present there are fewer than 10,000 tubewells overall.

If only 15m of the 22m acres currently under rice could be switched to a Boro crop yielding one ton per acre it would solve the food problem and Bangladesh would happily be able to export.

Of course, there are problems. It costs about 15,000 Taka (£500) to build a single shallow tubewell and 200,000 taka to build a deep one. Building thousands of tubewells would absorb most of the development expenditure on agriculture for years and years ahead.

There is the social question of whether a large drive to build more tubewells would not exacerbate the already precarious position of millions of smaller farmers. Many of these cannot pay back the loans on even the heavily subsidised present programme.

Mr. Obaidullah Khan, Agriculture Secretary, says that the average costs of irrigation per cropping season amount to 450 taka an acre whereas the operational costs "cannot exceed 250 taka." The difference is the heavy charges made by the irrigation group managers who are the large farmers.

The Agriculture Secretary is worried by the possible repercussions of the present programme to accelerate crop production and achieve foodgrain self-sufficiency. He says: "It threatens to create inequality of wealth and opportunity in the rural areas and lay the basis for polarisation of the landed and the landless."

Bangladesh food SIx

There is also the problem of maintenance. A problem with the tubewells Bangladesh has at present is that they break down and are left unmended. There is little good management to check that the tubewells are overhauled and looked after properly.

So although food self-sufficiency looks easily within reach on paper, in practice it will be a long, hard struggle.

Deal agreed on Pakistan cotton ban

KARACHI—European cotton merchants have reached an agreement with Pakistan on the country's ban on exports of unwoven cotton.

Mr. A. K. Macbride, chairman of the Association of European Cotton Merchants, said the agreement followed four days of talks with the Pakistan Government.

He said the agreement included the settlement of contracts affected by the ban, which was imposed last month to reduce speculation and ease market pressure at home.

U.S. ROASTS MORE COFFEE

NEW YORK — Gordon Paton reports that the amount of green coffee roasted in the U.S., including coffee for soluble production, in 1978 totalled an estimated 16,505,000 bags, up about 18 per cent from roastings of 14,233,000 bags in 1977 but 13.4 per cent lower than the 1976 figure.

The trade publisher reported roastings in the week ended December 30, 1978, were up some 3.6 per cent from the amount roasted in the same week of 1977.

Reuter

Australian wool outlook improves

HONOLULU — A healthier trade outlook for Australian Woolgrowers, beef and cheese producers is predicted by Mr. Malcolm Fraser, the Australian Prime Minister.

He said here these would be the chief areas to benefit following his Washington talks with Mr. Robert Strauss, President Carter's special trade negotiator.

Mr. Fraser said Australian woolgrowers could expect a 60 per cent cut in the U.S. wool import levy and that there would probably be a considerable boost for them when U.S. mills took advantage of cheaper imported wool.

Australia's beef exports to the U.S., which would reach a record 712,000 tonnes this year, would continue at a high level for the next few years, he added. Meanwhile talks would continue between Australian and U.S. officials on moves to control U.S. beef imports when domestic production was in oversupply.

Mr. Fraser said his Government's aim in the negotiations was to ensure that Australian producers did not suffer from fluctuations in the U.S. domestic beef supply. He and Mr. Strauss had also agreed that the U.S. would import more Australian cheese.

In Sydney, trade sources said, the Australian raw wool market is expected to be firm to moderately higher in the second half of the July-to-June 1978-79 season, reports Reuter.

Prices may be lower this week, with merchants still on holiday and offerings high due to the backlog from the wool testers' strike towards the end of the second half. But one source said he expected the Australian Wool Corporation's (AWC) market indicator to firm to about 325 cents a kilo from 318 cents at the end of the first half and 310 cents at the end of the 1977-78 season.

The demand for fine wools which developed in the first half could continue and their prices might firm a little more, he added.

With major consuming countries' raw wool stocks low there is a good latent demand for Australian wool, sources said. There is potential for the market to rise sharply if this demand occurs, but there would almost certainly be a later reaction, they added.

Floods hit sugar crop

SYDNEY — Floods in the far north of Australia have caused much damage and farmers in the Cairns district estimated they have lost up to 15 per cent of their sugar crop.

During the past few days, torrential rains in Northern Queensland cut roads and telephone links and washed away railway lines.

In Washington, a draft version of new domestic sugar legislation, prepared by the Agriculture Department, would set the domestic price objective at a minimum of 15 cents per pound in 1979, Administration and sugar industry officials said.

At a meeting on Friday with various sugar interests, the USDA unveiled a draft proposal of legislation for a new sugar programme covering 1979 through 1982.

However, the draft probably would be revised before an Administration Sugar Bill is introduced in the forthcoming congressional session.

NZ visit for Gundelach

WELLINGTON — EEC agriculture commissioner, Finn Gundelach, is due here on February 26 to discuss with New Zealand the whole range of agricultural links with the EEC.

There has been no official announcement of the visit but it is thought Mr. Gundelach could bring a request for New Zealand to cut its 1979 butter quota of 120,000 tonnes and 1980 quota of 115,000 tonnes in return for increased prices.

DANISH PIG HERD INCREASES 11%

DENMARK'S pig herd on December 1, 1978, totalled 9.18m, an increase of 11 per cent compared with December, 1977.

The number of sows increased by 8 per cent to 979,000, and the number of sows in pig by 5.9 per cent to 635,000, said the Bureau of Statistics.

Brazil set to ease soya export curbs

RIO DE JANEIRO — Brazil plans a freer export marketing policy for its prospective record soyabean crop this year, according sources from the foreign trade department of the Bank of Brazil (CACEX).

Following a meeting of the CACEX soyabean committee, the sources said instead of basing the policy on controlling exports by quotas it will centre on monthly quotas for crushers for supplying the home market.

CACEX is due to meet crushers on January 23 to discuss whether an arrangement of this sort for the whole season is feasible, and how it could work in detail.

The sources said against the new crop quotas released so far, CACEX has issued export registrations for 470,000 tonnes of beans, 720,000 tonnes of meal and 76,000 tonnes of oil.

Meanwhile CACEX freed a further 80,000 tonnes of old-crop soyabean oil for export and 55,000 tonnes of old-crop soyabean meal.

This follows the release before Christmas of 190,000 tonnes of old-crop meal for export. Very little old-crop oil has been let out since exports were suspended last March, except for those linked to a commitment by the shipper to import the same amount later.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Very strong in active trading on the London Metal Exchange as a further reduction in warehouse stocks coupled with forecasts of further substantial outgoings of stocks caused the contango to narrow and boosted sentiment in the market. Forward metal opened around the £798 level, and gradually moved ahead to close at the day's highest level of £807.5 on the late kerb with speculative and chartist buying being only partly met by trade selling. Turnover 28,150 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	787.5-8	+9.5	792-.5	+10.7
3 months	798.5-9	+7	804-.5	+11
Settl'm't	778	+9.5	—	......
Cathodes				
Cash	769-.5	+8.75	775-.5	+12
3 months	786.5-7	+7	791.5-2	+11
Settl'm't	769.5	+8.5	—	......
U.S. Smt.	—	......	*72-5	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £788, 87.5, 88, three months £799, 99.5, 99. Cathodes, cash £768.5, three months £787, 86, 86.5, 87. Kerbs: Wirebars, three months £799. Afternoon: Wirebars, cash £792.5, three months £802, 3, 3.5, 4.5, 5, 4.5, 4, 3.5, 4, 4.5, 4. Cathodes, cash £775, £775.5, three months £791, 91.5. Kerbs: Wirebars, three months £804, 5, 4.5, 5, 5.5, 6, 6.5, 7, 8, 7, 8, 7, 6.5, 7, 7.5, 7.

TIN—Firmer in fairly active trading. A rise in the Penang market saw forward metal open at £6,910 and move up to £6,950. But an unexpected rise in warehouse stocks caused profit-taking and hedge selling which pared the price to £6,920 on the morning kerb. In the afternoon the strength of copper coupled with U.S. physical demand and chartist buying prompted a rise to £6,965 on the late kerb. Turnover 1,430 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7010-30	+85	6990-7000	+15
3 months	6920-40	+60	6935-50	+37.5
Settlem't	7030	+50	—	......
Standard				
Cash	7010-30	+85	6990-7000	+25
3 months	6915-20	+68	6925-35	+35
Settlem't	7030	+70	—	......
Straits E.	£S1825	+15		
New York	—	......		......

Morning: Standard, three months £6,925, 40, 35, 40, 35, 30, 20, 15. Kerbs: Standard, three months £6,920. Afternoon: Standard, three months £6,920, 25, 30, 32, 30. Kerbs: Standard, three months £6,930, 35, 50, 60, 65, 60, 55, 60, 65.

LEAD—Gained ground in hectic trading. Forward metal opened at £428 and quickly moved up to £438 in the first ring as renewed speculative and chartist buying followed a fall in warehouse stocks. However, at this level the market encountered small profit-taking and the price eased thereafter to close at £433.5 on the late kerb. Cash metal touched a record £480 at the start of morning ring trading with the backwardation widening to around £42. Turnover 8,275 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	474-.5	+14.7	465-70	—1
3 months	434-.5	+12.2	432-.5	+4
Sett'ment	475	+15	—	......
U.S. Spot	—	......	*56-58	......

Morning: Cash £480, 77, 78, 79, 78, 77, 76, 75, 74, three months £436, 36.5, 37.5, 38, 37.5, 37, 36. Kerb: Mid January £468, three months £435, 34. Afternoon: Three months £435, 34.5, 34, 33, 32.5, 32, 33.5, 33, 32.5. Kerb: Three months £432, 32.5, 33.

ZINC—Moved ahead reflecting the general trend in other base-metals. Forward metal opened at £356 and rose to £361 on the pre-market. However, profit-taking caused a setback at £358 on the morning kerb, but renewed buying interest lifted the price to £361 on the late kerb. Turnover 5,800 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	348.5-7.5	+1.25	348.9	+2.5
3 months	357-8	+1.75	359-.5	+5
S'ment	347.5	+1.5	—	......
Prim. west	—	......	*35.5-4.5	......

Morning: Three months £360, 59.5, 59, 58. Kerbs: Three months £357.5. Afternoon: Three months £359, 59.5, 60, 59.5, 59.25. Kerb: Three months £360.5, £360.

ALUMINIUM—Barely changed in subdued trading although there was substantial switching of 99.7 per cent. Western origin duty paid metal against LME metal (99.5 per cent grade) at a £30 premium over LME cash prices. Forward metal edged up to £619 in the morning but eased back to close on the late kerb at £617. Turnover 3,350 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£		£	
Spot	617-.5	—.25	619-.5	—.75
3 months	617-.5	+1.75	616.5-7	—.5

Morning: Cash £617, three months £618, 18.5, 18, 18, 18.5, 17.5. Afternoon: Three months £617. Kerb: Three months £619, 18.5, 18.

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

I.G. Index Limited 01-351 3466. Three-month copper 804-811
29 Lamont Road, London SW10 0HS.
1. Tax-free trading on commodity futures.
2. The commodity futures market for the smaller investor.

SILVER

Silver was fixed 0.7p an ounce higher for spot delivery in the London bullion market yesterday at 297.1p. U.S. cent equivalents of the fixing level were: spot 600.9c, up 2.5c; three-month 614.6c, up 2.9c; six-month 626.5c, up 1.7c; and 12-month 652.7c, up 0.9c. The metal opened at 295-296p (597-599c) and closed at 296½-297½p (600½-602c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. close	+ or —
Spot	297.1p	+0.7	295.8p	—0.5
3 months	304.9p	+1.2	303.75p	—0.15
6 months	311.8p	+1.0	—	......
12 months	326.9p	+1.0	—	......

LME—Turnover 147 (465) lots of 10,000 ozs. Morning: Three months 304.5, 4.4, 4.2. Kerbs: Three months 304.1, 4, 3.9. Afternoon: Three months 304, 303.9, 3.8, 3.7. Kerbs: Three months 303.8, 4, 4.1, 4.5, 4.8.

COCOA

Cocoa futures remained steady during the morning session but although the U.S. grinding figure was much as expected, Commission House liquidation caused prices to close £25 lower than Friday's levels, reported Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
March	1950.0-52.0	—26.5	1982.0-55.0
May	1963.0-65.0	—21.5	2002.0-1962
July	1972.0-75.0	—24.0	2007.0-1971
Sept	1990.0-92.0	—17.5	2017.0-1990
Dec	1987.0-2000	—15.0	2025.0-2001
March	2000.0-05.0	—11.5	2005.0-2000
May	2009.0-10.0	—9.5	—

Sales: 2,571 (2,898) lots of 10 tonnes.

International Cocoa Organisation (U.S. cents per pound): Daily price for Jan. 5 176.83 (173.35). Indicator price for Jan. 8: 15-day average 177.14 (177.23); 22-day average 178.15 (178.45).

COFFEE

ROBUSTAS moved sharply higher this morning due to heavy stop-loss covering in the January position, Drexel Burnham Lambert reported. Subsequent trading was in a narrow range above last night's close and final levels were £5 to £15 higher. January closed only £45 higher after earlier trading at £100 higher due to late Commission House selling.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
January	1631-1635	+40.5	1690-1605
March	1369-1370	+08.5	1395-1358
May	1268-1269	+11.0	1290-1258
July	1211-1214	+15.0	1230-1212
September	1172-1176	+01.5	1180-1178
November	1145-1146	+08.0	1165-1145
January	1115-1128	+04.5	—

Sales: 3,862 (6,030) lots of 5 tonnes.

ICO Indicator prices for Jan. 5 (U.S. cents per pound): Colombian Mild Arabicas 173.25 (173.00); unwashed Arabicas 136.00 (136.00); other Mild Arabicas 133.33 (134.67); Robustas ICA 1976 132.00 (131.50); Robustas ICA 1968 133.00 (132.50). Daily average 132.67 (133.08).

RUBBER

EASIER opening on the London physical market. Little interest throughout the day, closing slightly steadier. Lewis and Peat reported the Malaysian go down price was 233 (234) cents a kilo (buyer, January).

No. 1 R.S.S.	Yesterday's Close	Previous Close	Business Done
Feb	55.60-55.65	55.10-55.50	55.75-55.40
Mar	56.40-56.45	55.80-55.90	56.70-56.10
Apr-Jne	58.10-58.15	57.20-57.25	58.10-57.90
Jy-Sept	60.30-60.35	59.50-59.60	60.50-59.40
Oct-Dec	62.60-62.65	61.75-61.90	62.65-62.55
Jan-Mar	[illegible]	64.00-64.05	64.40-64.10
Apr-Jne	67.20-67.25	66.20-66.25	66.75-66.75
Jy-Sept	69.40-69.45	68.40-68.50	69.05-69.00
Oct-Dec	71.70-71.75	70.50-70.55	71.70-70.80

Sales: 19 (13) lots of 5 tonnes. 348 (230) lots of 15 tonnes.

Physical closing prices (buyers) were: Spot 55.5p (55.0); Feb. 57p (56.5); March 57.5p (57.0).

SOYABEAN MEAL

	Yesterday Close	+ or —	Business Done
	£ per tonne		
February	124.80-25.0	+0.5	25.00-24.80
April	122.50-22.7	+0.3	23.00-22.20
June	120.30-20.5	+0.4	20.50-20.00
August	120.0-21.5	+2.7	—
October	120.10-21.5	—0.45	21.00
December	120.00-22.5	+0.85	—
February	119.50-23.0	—0.75	—

Sales: 32 (64) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICES (raw sugar) £96.00 (same) a tonne cif for Nov.-Dec. shipment. White sugar daily price was fixed at £93.00 (same).

Quiet conditions prevailed with fluctuations contained within a narrow range of prices, reported C. Czarnikow.

Sugar Pref. Comm. Con.	Yesterday's Close	Previous Close	Business Done
	£ per tonne		
March	105.95-04.00	104.75-04.90	05.70-03.90
May	105.60-06.70	107.45-07.50	08.00-06.65
Aug	110.00-10.10	110.70-10.80	11.25-10.75
Oct	112.90-12.95	113.75-14.00	13.70-12.85
Dec	115.55-15.65	116.25-16.50	16.25-15.80
March	120.05-20.15	120.75-21.00	21.00-20.50
May	122.60-22.90	123.25-23.75	—

Sales: 941 (1,158) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £264.85 (same) a tonne for home trade and £167.50 (same) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean port. Prices for Jan. 5: Daily 7.79 (7.77); 15-day average 7.96 (7.99).

WHITE SUGAR—Close (in order buyer, seller, business, sales). Feb. 94.00, 95.00, 94.75-93.50, 57; April 100.10, 100.50, 100.50, 76; July 105.75, 106.25, 106.75-106.25, 14; Sept. 111.75, 112.25, 112.25, 1; Nov. 117.75, 118.50, nil, nil; Feb. 123.50, 124.00, nil, nil; April 127.50, 129.00, nil, nil. Sales 148.

PRICE CHANGES

Price in tonnes unless otherwise stated.

	Jan. 8 1979	+ or —	Month ago
Metals			
Aluminium	£710	......	£710
Free market (cts)	$1,235/55	......	$1,170/90
Copper cash W Bar	£792.25	+10.75	£773.25
3 months do. do.	£804.25	+11.0	£788.75
Cash Cathode	£775.25	+12.0	£757.75
3 months do. do.	£791.75	+11.0	£776.5
Gold Troy oz.	$225.575	—1.5	$207.875
Lead cash	£467.5	—1.0	£433.5
3 months	£432.25	+4.0	£410.25
Nickel	‡	......	‡
Free Market (cif)(lb)	$1.65 1.76	......	$1.68 1.80
Platinum troy oz.	£152	......	£156
Free Market	£171.2	+1.9	£175.4
Quicksilver	$180/90	+6.0	$143/44
Silver troy oz.	297.1p	+0.5	299.1p
3 months	304.9p	+1.1	307.4p
Tin cash	£6,995	+25.0	£7,090
3 months	£6,930	+35.0	£6,997.5
Tungsten (z)	$140.39	......	$142.55
Wolfram 22.04 cif	$152/57	......	$137/45
Zinc cash	£348.5	+2.5	[illegible]
3 months	£359.25	+3.0	£356.25
Producers	$720	......	$720
Oils			
Coconut (Phil)	$965r	+11.0	$875
Groundnut	‡	......	
Linseed Crude	£358	+12.0	£345
Palm Malayan	$615x	+5.0	$590
Seeds			
Copra Philip	$650r	+16.0	$510
Soyabean (U.S.)	$294.4u	—0.6	$284.25
Grains			
Barley			
Home Futures	£88.15	—0.25	£86.1
Maize			
French No. 3 Am	£106	+0.75	£106.5
Wheat			
No. 1 Red Spring	£97.25	......	£96.5
No. 2 Hard Winter	£85	......	£89
English Milling †	£93.5x	......	£95.5
Other Commodities			
Cocoa Shipment	£2,059	—17.0	£2,117
Future May	£1,964	—26.5	£2,065
Coffee Future			
Mar.	£1,369.5	+8.0	£1,128.5
Cotton 'A' Index	78.6c	+0.2	79.75c
Rubber kilo	55.5p	—0.5	59.25p
Sugar (Raw)	£95	......	£101
Wooltops 64s (kilo)	268p	......	274p

* Nominal. † New crop. ‡ Unquoted. n Jan.-March. q Jan.-Feb. r Feb.-March. s March. t Feb. x per ton. z Indicator.

GRAINS

LONDON FUTURES (GAFTA)—Grains opened 10-15p lower. Wheat values eased to trade 45-55p lower on commercial selling, the main interest being in the spot where country short covering was evident. Barley values also eased in reasonable volume to close 25-35p lower on the day. New crops were virtually neglected and closed 25-35p lower on wheat and 15-20p lower on barley, ACLI reported.

	WHEAT		BARLEY	
M'nth	Yesterday's close	+ or —	Yesterday's close	+ or —
Jan.	91.80	—0.50	84.05	—0.30
Mar.	93.85	—0.45	85.15	—0.35
May	96.15	—0.45	88.75	+2.25
Sept.	90.40	—0.55	84.40	—0.15
Nov.	93.35	—0.85	87.35	—0.20

Business done—Wheat: Jan. 92.25-91.85, March 93.95-93.60, May 96.45-96.15, Sept. 90.60-90.60, Nov. nil. Sales 108. Barley: Jan. 84.30-84.05, March 85.40-85.15, May 88.90-88.75, Sept. 84.50-84.40, Nov. nil. Sales 169.

IMPORTED—Wheat: CWRS No. 1, 13½ per cent, Jan. 97.25, Tilbury. U.S. Dark Northern Spring No. 2, 14 per cent, Jan., Feb., March 88.75 transhipment East Coast. U.S. Hard Winter 13½ per cent, Feb. 85.00, transhipment East Coast. EEC unquoted. Maize: U.S./French Jan. 106.0 quoted, East Coast. S. African White Jan. 68, S. African Yellow Jan. 69. Barley: English feed fob Jan. 86.50, Feb. 88.25, April-June 91.75, East Coast.

Soyabean meal—Sales at call nil.

HGCA—Location ex-farm spot prices. Other milling wheat: Cambridge 90.00. Feed barley: Cambridge 81.90.

The UK monetary coefficient for the week beginning Jan. 15 (based on HGCA calculations) is expected to remain unchanged.

HGCA—Regional and UK average ex-farm spot prices for week ending Jan. 4. Other Milling Wheat: East 90.50, E. Midlands 89.30, N.E. 92.10, N.W. 90.00, UK 90.50. Feed Barley: S.E. 80.40, S.W. 80.70, East 80.90, E. Midlands 80.80, W. Midlands 80.20, N.E. 80.20, N.W. 81.20, Scotland 81.80. UK forward prices for delivery during March. M Wheat (Bread) 95.70, M Wheat (Other) 92.20, Feed Wheat K 90.50, Malting Barley 89.20, Feed Barley 82.30. April M Wheat (Bread) 97.30, M Wheat (Other) 95.60, Feed Wheat K 93.00, Malting Barley 94.20, Feed Barley 83.40.

MARK LANE: Quiet with confusion on how transport strike will affect the trade.

Milling wheat delivered London: Jan. £92.50, Feb. £94.25, March £96.25, April-May-June £100.50.

Denaturable quality wheat delivered East Anglia: Jan. £91.50, Feb. £93.50, March £94.75, April-May-June £97.75.

Barley delivered East Anglia: Jan. £85.50, Feb. £86.25, March £87.25, April-May-June £90.25.

EEC IMPORT LEVIES—The following levies and premiums are effective for Jan. 9 in order of current levy plus Feb., March and April premiums (with previous in brackets) all in units of account per tonne. Common wheat: 89.15, rest nil (88.15, rest nil). Barley: 91.33, 3.81, 3.81, 3.81 (91.33, 3.81, 3.81, 3.81). Oats: 87.38, rest nil (87.38, rest nil). Maize (other than hybrid for seeding): 82.80, rest nil (82.80, rest nil). Buckwheat: 6.02, rest nil (6.02, rest nil). Millet: 73.87, rest nil (73.87, rest nil). Grain sorghum: 82.85, nil, nil, 1.80 (82.85, nil, nil, 18.80). Flour levies: Wheat or mixed wheat and rye flour: 134.90 (134.90). Rye Flour: 138.33 (138.33).

WOOL FUTURES

LONDON GREASY—Close (in order buyer, seller). March 210.0, 250.0; May 215.0, 223.0; July 220.0, 230.0; Oct. 234.0, 242.0; March 236.0, 244.0; May 239.0, 250.0; July 239.0, 250.0. Sales: Nil.

SYDNEY GREASY: Close (in order buyer, seller, business, sales). Micron Contract: March 350.0, 350.7, 350.5-350.0, 9; May 358.0, 358.7, nil, nil; July 362.0, 362.7, 362.5-362.5, 1; Oct. 363.5, 365.0, 364.0-364.0, 7; Dec. 368.4, 368.8, 368.5-368.0, 11; March 371.0, 372.5, nil, nil; May 373.0, 374.0, nil, nil; July 375.4, 376.0, 376.0-375.5, 5. Sales: 33.

BRADFORD—Prices showed little change though medium crossbreds appreciated slightly. No panic buying was indicated, though much of the industry was fully aware that the flow of wool from ports and possibly other stores must be held up by the transport drivers strike and picketing activities.

NEW ZEALAND CROSSBREDS—Close (in order buyer, seller). March 183.0, May 184.0, 186.0, July 186.0, 190.0; Oct. 189.0, 193.0; Dec. 191.0, 197.0; March 192.0, 198.0; May 193.0, 199.0; July 193.0, 199.0. Sales: Nil.

COTTON

LIVERPOOL COTTON—Spot and shipment sales amounted to 12 tonnes. Limited interest continued with only occasional transactions. Follow-up purchases were recorded in certain

JUTE

JUTE—Jute EPCS reduced Jan.-Feb. C and F Dundee: BWC £265, BWD £252, BTC £270, BTD £256. C and F Antwerp: BWB $570, BWC $535, BWD $517, BTB 572, BTC $543, BTD $527. Jute goods quiet, mills were on strike. Jan.-Feb. C and F Dundee 40in 10oz £11.16, 40in 7½oz £860, BTW £2,993.

★

TEA—53,833 packages were offered at London auction yesterday. Demand was good and general. Average price indications: quality 139p per kilo (same); medium 118p (120p); plain 84p (79p).

★

GRIMSBY FISH—Supply fair, demand fair. Prices at ship's side (unprocessed) per stone: Shelf cod £4.20-£5.00, codlings £3.00-£3.50; large haddock £4.20-£5.00, medium £4.60-£5.00, small £3.90-£4.10; large plaice £5.60, medium £4.60-£5.60, best small £4.00-£4.60. Large skinned dogfish £9.00, medium £6.00; rockfish £1.50-£2.10; reds £1.80-£2.10.

AMERICAN MARKETS

NEW YORK, Jan. 8.

Potatoes, Round Whites—March 6.03-6.07 (5.75), April 6.33-6.35 (6.09), May 7.21-7.23, Nov. 5.66-5.69, arch 6.45-6.52, April unquoted, ay 7.96-7.99. Sales: 2,145.

CHICAGO, Jan. 8.

†Lard—Chicago loose 24.37 (25.87). NY prime steam 25.87 traded (same).

Live Cattle—Jan. 60.00 (60.00), Feb. 61.25-61.20 (61.57), April 63.75-63.85, June 64.80-64.75, Aug. 63.75-63.77, Oct. 63.17-63.25, Dec. 63.85-63.95 bid, Jan. 63.80 asked, Feb. 63.60, April 63.80 asked. Sales: 30,530.

Live Hogs—Feb. 50.50-50.30 (50.65), April 47.00-47.10 (47.35), June 48.12-48.25, July 48.00-48.45, Aug. 46.35 bid-46.60, Oct. 44.50, Dec. 45.50 asked, Feb. 46.00, April 44.50 asked. Sales: 5,795.

‡‡Maize — March 229½-229¾ (228¾), May 236 (236¼), July 243¾, Sept. 245, Dec. 249½-249¾, March 257¾.

Plywood—Jan. 22.00 (21.98), March 21.78-21.80 (21.63), May 21.23, July 20.85-20.89, Sept. 20.60, Nov. 20.40, Jan. 20.45 bid.

Pork Belly—Feb. 57.15-75.50 (58.11), March 56.70-56.30 (57.92), May 57.85, July 57.70-57.60, Aug. 56.50. Sales: 7,527.

Shell eggs—Jan. 57.40-57.60 (57.45), Feb. 54.40 (54.25), March 54.00, April 49.45, May 48.75. Sales: 141.

Silver—Jan. 60.05 (59.60), Feb. 60.50-60.45 (60.06), April 61.35-61.31, June 62.25-62.30, Aug. 63.15, Oct. 64.05, Dec. 65.00, Feb. 65.97, April 67.00, June 68.00, Aug. 69.00, Oct. 70.00, Dec. 71.05, Feb. 72.10, April 73.20, June 74.30, Aug. 75.45 nom.

Soyabeans—Jan. 683-682 (673¼), March 694-695 (686¼), May 703-702, July 706½-707½, Aug. 701½-702, Sept. 680, Nov. 668-668½, Jan. 676½.

||Soyabean Meal—Jan. 187.60 (185.40), arch 188.70-188.80 (187.10), ay 188.80-188.50, July 189.00-188.80, Aug. 189.00, Sept. 188.70-188.80, Oct. 187.00-186.70, Dec. 186.50-186.70, Jan. 187.00.

Soyabean Oil — Jan. 24.73-24.75 (24.63), March 24.85-24.80 (24.72), May 24.85-24.78, July 24.75-24.80, Aug. 24.75, Sept. 24.00, Oct. 23.50, Dec. 23.40, Jan. 23.20-23.25, March 23.20-23.25.

*Wheat—March 337-336¾ (334), May 328 (325¼), July 317½-317¼, Sept. 323, Dec. 334, March 344.

All cents per pound ex-warehouse unless otherwise stated. * $s per troy ounce—100-ounce lots. † Chicago loose $s per 100 lbs—Dept. of Ag. prices previous day. Prime steam fob NY bulk tank cars. ‡ Cents per 56-lb bushel ex-warehouse, 5,000-bushel lots. § $s per troy ounce for 50-oz units of 99.9 per cent purity delivered NY. ¶ Cents per troy ounce ex-warehouse. || New "B" contract in $s a short ton for bulk lots of 100 short tons delivered fob cars Chicago, Toledo, St. Louis and Alton. ** Cents per 60-lb bushel in store. †† Cents per 24-lb bushel. ‡‡ Cents per 48-lb bushel ex-warehouse. §§ Cents per 56-lb bushel ex-warehouse, 1,000-bushel lots. ¶¶ C$s per tonne.

EUROPEAN MARKETS

ROTTERDAM, Jan. 8.

Wheat—U.S. No. 2 Dark Hard Winter 13.5 per cent Jan.-March $150 per tonne. U.S. Hard Winter ord. Jan.-March $149 per tonne.

Maize—U.S. No. 3 Corn Yellow April $115.50, Jan. $114, Jan.-March 114.25, April-June $114.50, July-Sept. $115.75, Oct.-Dec. $115.75.

PARIS, Jan. 8.

Cocoa (in FFr per 100 kilos)—March 1638-1648, May 1659-1664, July 1660-1680, Sept. 1690-1698, Dec. 1640-1645, March 1630-1650.

Sugar (FFr per 100 kilos)—March 817-824, May 855-858, July 855-870, Aug. 900-914, Oct. 930-950, Nov. 920-945, Dec. 935-965, March 990-1000.

INDICES

FINANCIAL TIMES

Jan. 5	Jan. 4	M'nth ago	Year ago
259.06	257.75	260.62	233.13

(Base: July 1, 1952=100)

DOW JONES

Dow Jones	Jan. 5	Jan. 4	Month ago	Year ago
Spot	384.06	383.03	388.96	344.47
F'tur's	385.38	382.36	386.46	336.65

(Average 1924-25-26=100)

MOODY'S

Moody's	Jan. 5	Jan. 4	M'th ago	Year ago
Sple Comty	977.2	973.9	983.3	894.1

(December 31, 1931=100)

REUTERS

Jan. 8	Jan. 5	M'nth ago	Year ago
1491.8	1495.8	1513.7	1417.5

(Base: September 18, 1931=100)

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Eire hindquarters 76.0 to 77.0, forequarters 45.0 to 46.0.

Veal: Dutch hinds and ends 100.0 to 105.0.

Lamb: English small 60.0 to 66.0, medium 58.0 to 62.0, heavy 52.0 to 58.0; Scottish medium 54.0 to 62.0, heavy 52.0 to 60.0.

Pork: English, under 100 lb 38.0 to 46.0, 100-120 lb 36.5 to 45.0, 120-160 lb 35.0 to 43.0.

MEAT COMMISSION—Average fatstock prices at representative markets on week ending Jan. 13. GB—Cattle 72.77p per kg.l.w. (+1.03). UK—Sheep 139.5p per kg.est.d.c.w. (+2.0). GB—Pigs 63.9p per kg.l.w. (—2.3). England and Wales: Cattle numbers up 82.7 per cent, average price 72.86p (+1.17). Sheep up 59.8 per cent, average 139.8p (+2.5). Pig no comparison, average 63.8p (—2.4). Scotland: Cattle down 37.8 per cent, average 72.03p (+0.18). Sheep down 9.7 per cent, average 133.5p (—4.2). Pig down 41.7 per cent, average 65.4p (+0.7).

MEAT COMMISSION—Average fatstock prices at representative markets on January 8. GB cattle 74.15p per kg. l.w. (+0.64). UK sheep 138.5p per kg. est. d.c.w. (—3.7). GB pigs 62.2p per kg. l.w. (—3.9). England and Wales: Cattle average price 74.20p (+0.69). Sheep average price 138.3p (—3.0). Pig average price 62.1p (—4.0). Scotland: Cattle average price 73.60p. Sheep average price 137.4p. Pig numbers average price 68.9p. No number changes and no Scottish price changes due to the Bank Holiday last week.

COVENT GARDEN (Prices in sterling per package except where otherwise stated)—Imported Produce: Lemons—Italian: 120s new crop 5.70-6.00; Cyprus: Trays 4.50-5.50, Boxes 80/180s 4.50-8.00; Californian: Cartons 90/165s 6.00-8.00. Oranges—Spania: Navel/Navelines 3.20-3.80; Egyptian: Baladi 2.60-3.00; Israeli: 3.30-4.30, Shamouti 3.50-4.55. Sevilles—Spanish: 5.50. Clementines—Cyprus: 10 kilos 3.20-3.60; Moroccan, 3.20-4.00. Satsumas—Spania, Trays 2.40-3.20. Grapefruit—Texas: Red Blush 4.50-4.60; Florida: 4.60; Cyprus: 2.20-3.60; Israeli: Jaffa 40/75 3.50-3.75. Apples—French: Stark Crimson 40-lb 138/163s 4.40-5.30, 20-lb 84s 1.70-2.00, 72s 2.30-2.40, Golden Delicious 20-lb 72s 2.00-2.40, 84s 1.80-2.00, 40-lb 138/163/175s 3.50-4.00, jumble pack, per pound 0.07; Granny Smith 20-lb 72s 1.90-2.20, 84s 1.70-1.90, large boxes 138/150/163 3.60-4.40, jumble pack 55/6/ 31-lb per pound 0.06-0.07. Bananas—Jamaican: Per pound 0.15-0.16. Grapes—Spanish: Almeria 2.50-2.60, Negri 3.20-3.30; Californian: Red Emperor 20/23-lb 8.50. Avocados—Israeli: 3.30-3.50. Melons—Spanish: Green 6.50-7.00, 15 kilo boxes 12/15s 11.00. Onions—Spanish: 5.80-6.80; Dutch: 3.00; Polish: 3.50; Spanish: 1.50-2.50; Canary: 2.80-4.00. Canadian: 50-lb 4.60.

English Produce: Potatoes—Per 25 kilos 2.10-2.50. Lettuce—Per 12 round 1.30-1.50. Mushrooms—Per pound 0.50-0.60. Apples—Per pound Bramley 0.05-0.10; Cox's Orange Pippin 0.05-0.12; Worcester Pearmain 0.04-0.05; Russets 0.06-0.09; Spartan 0.08-0.10. Pears—Per pound Conference 0.10-0.16, Comice 0.14-0.18. Cabbages—Per crate 1.50. Beetroot—Per 28-lb 1.60. Carrots—Per 28-lb 1.80-2.00. Capsicums—Per pound ... Onions—Per bag 2.50-2.80. Rhubarb—Per pound 0.24-0.25. Swedes—Per 28-lb 1.50-2.00. Turnips—Per 28-lb 2.50. Parsnips—Per 28-lb 3.50. Sprouts—Per pound 0.05-0.10.

Equities end firmly on Esso and Shell pay acceptance

Index puts on 4.9 to 484.4—Speculative issues prominent

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Dec. 11	Dec. 28	Dec. 29	Jan. 9
Jan. 2	Jan. 11	Jan. 12	Jan. 23
Jan. 15	Jan. 25	Jan. 26	Feb. 6

* "New time" dealings may take place from 9.30 am two business days earlier.

Stock markets made a firm showing yesterday, mainly on sentiment helped by the Esso and Shell tanker drivers' votes to accept the offered pay terms. Business remained small as seen in the continuing low level of markings, which amounted to 3,596 compared with last week's daily average of 3,298, but the feeling of relief at the improvement in the outlook for oil and petrol deliveries was clearly illustrated by the changed tone in prices of the equity leaders.

The opening tone was cautious as reflected in the 2-point fall in the FT 30-share index at the first, 10 a.m., calculation; three hours later, the index was a mere 0.2 harder on balance, but by the close had shown a near-7 turnround at 484.4 for a net rise on the day of 4.9.

The turn for firmer conditions in the leaders ahead of the better news for petrol pump supplies rested on the virtual absence of sellers of size, with Oil shares, steady earlier in the day, being marked a few pence better late in line with the improved tone but with buyers still scarce.

Second-line equities, on the other hand, continued to attract a reasonable following, with those recommended in the weekend Press often making good progress while the early announcement of the long-awaited offers from Sime Darby for Guthrie—worth about £122m—stimulated renewed activity in actual and rumoured bid situations as well as pushing Guthrie shares up by 92 to 437p, after 443p.

Yesterday's company trading announcements, though containing no big names, were usually on the optimistic side, and the firm conditions overall were mirrored in a five-to-two majority of rises over falls in all FT-quoted industrials and also in the well-spread 66 new 1978-79 highs recorded as against only four new lows.

British Funds ended with a generally firm appearance. Short-dated stocks in particular encountered demand and final quotations recorded rises extending to 5/16 and occasionally more. Conditionsin the longer-dated stocks were more subdued, but underlying sentiment was helped by news of the Esso and Shell oil tanker drivers' votes. Some switching was in progress from the shorts into the medium-dated tap stock, Exchequer 12¼ per cent 1985, which closed ⅛ higher at 97¾. The Wholesale price indices were well received, but had little impact.

A good early demand for premium rise to 85¾ per cent but the appearance of a fairly large institutional seller towards the close brought it back to end a fraction easier on balance at 83½ per cent. Yesterday's SE conversion factor was 0.6947 (0.7021).

Business in the Traded Option market got off to an extremely slow start and only 262 contracts were completed compared with last Friday's 256.

Banks up late

A rising market last week in response to Press comment, the major clearing banks continued firmly yesterday. Unaltered for most of the day, prices responded to late inter-office demand to close around the day's best. **Barclays** finished 7 to the good at 385p. Elsewhere, FNFC gained a penny to 8p and the Warrants ½ to 3p on buying ahead of Thursday's preliminary figures.

Standing a few pence firmer in front of the interim statement, **Hogg Robinson** reacted on the first-half profits standstill to finish 3 down at 117p in Insurances.

In line with markets generally, Breweries ended firm towards the close. **Arthur Guinness** featured, rising 6 to 171p on institutional demand following Press comment that the company's domicile may be transferred to Eire.

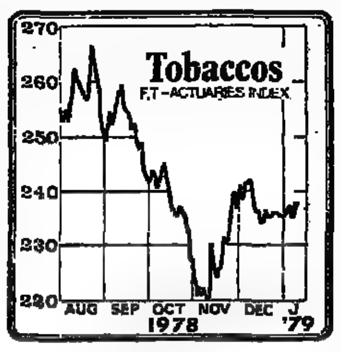
Although the undertone remained firm, leading Building descriptions passed a quiet session with few individual features. **Burnett and Hallamshire** stood out, however, with a rise of 7 to 235p on favourable weekend Press comment. **Costain Deferred** found a little support and firmed 4 to 146p, while the Ordinary, a couple of pence easier at one stage, reverted to unchanged at 186p. ***Johnson-Richards Tiles***, *pending bid discussions expected to start this week*, hardened a penny to 131p; the interim statement is due tomorrow.

Marked a precautionary penny lower at the outset, **ICI** picked up to close a net 3 up at 365p. **Fisons** traded similarly and finished 2 better at 306p, after 303p. Small selling clipped 4 from **Leigh Interests** at 136p.

MFI good

A resurgence of speculative buying on revived bid hopes helped **MFI Furniture** feature Stores with a rise of 13 to 182p. Press comment attracted buyers to **Status Discount** which added 10 to 208p in a thin market, and **Home Charm** gained 3 to 235p for a similar reason. **Waring and Gillow** found support at 125p, up 5, and **Blackman and Conrad** put on 2½ at 21½p. Jewellery concern **Ratners** hardened 2 more to 74p in front of today's mid-term results, but **H. Samuel A** cheapened that much to 198; the favourable interim statement had already been discounted. Among Shoes, **Wearra** stood out with a Press-inspired rise of 5½ to 34p, while **Ward White** also responded to favourable comment with an improvement of 2 to 100p.

Buying interest was again evident in the Electrical sector.



Among the leaders, **GEC** eased to 324p initially but investment demand subsequently took the price to a close of 332p for a rise of 6 on the day. **Pressey** continued firmly at 114p, up 2, but **EMI** finished unaltered at 143p, after 140p. Elsewhere, **Muirhead** advanced 7 to 216p and **United Scientific** 8 to 276p, while **Laurence Scott** were noteworthy for a fresh rise of 6 to 94p. **H. Wigfall**, a firm market of late, *came back 5 to 255p awaiting tomorrow's* interim statement.

Quiet conditions persisted in the Engineering leaders but prices gradually edged up after a cautious start and the final tone was fully firm. Helped by news of the £62m Chinese contract, **John Brown** advanced 8 to 376p. **Hawker Siddeley** put on 6 to *230p while gains of around 5* were seen in **GKN**, 262p and **Tubes**, 382p. Elsewhere, favourable week-end Press mention prompted demand for **Manganese Bronze** which advanced to 77p before settling at 73p for a rise of E. **Mitchell Somers** encountered further demand at 62p, up 3, while **Williams and James**, 108p, and **Mollins**, 136p, rose 5 and 4 respectively. **Anglo-Swiss**, currently in receipt of a cash offer worth 54p per share from **Armstrong Equipment**, firmed 2 more to 63p following news that Hawthorn Leslie had purchased further shares in Anglo-Swiss at 59½p and had increased its holding to 11.1 per cent.

Foods held steady to firm following a quiet trade with **J. Sainsbury** and **Tate and Lyle** a couple of pence better at 230p and 187p respectively. Against the trend, **Associated Dairies** eased 3 to 200p, after 198p, and **Barker and Dobson** shed ½ to 14½p, after 14p, on suggestions that the company could suffer greater reprecussions than most from the road haulage dispute. **A. G. Barr** gained 6 to 82p in a thin market on the better-than-expected annual results.

Leading Hotels and Caterers attracted increased demand. **Trust Houses Forte** put on 7 to 267p and **Grand Metropolitan** 2½ to 117½p, the latter's annual results are due on January 18. Elsewhere, **Reo Stakis** hardened a penny to 41p following the annual results.

Johnson Cleaners up

Quietly firm throughout the "house" session, miscellaneous Industrial leaders moved higher late on hopes that the lorry drivers' pay talks today will prove successful. **Beecham** closed 5 better at 650p and **Metal Box** 6 dearer at 316p. Further demand ahead of the annual results due on January 24 helped **Rank Organisation** put on 4 to 268p, while **Reed International** gained a similar amount to 159p on hopes that the group's Canadian subsidiary may soon be sold. A 1979 investment recommendation helped **Trafalgar House** put on 3 to 120p. Elsewhere, speculative buying fuelled by take-over suggestions prompted a rise of 7 to 118p in **Johnson Group Cleaners**, and a *Press* suggestion that the company is about to sell its clothing concern George Doland enlivened **Maurice James Industries** which gained 1½ to 17p. **Restmor**, on the other hand, fell 7 to 74p in belated response to a "sell" recommendation and **Negretti and Zambra** lost 4 to 82p following the sharply reduced interim earnings.

In the Leisure sector, renewed speculative demand lifted **Management Agency and Music** *7 to 115p.*

Motors were quiet and closed narrowly mixed. **Fodens** slipped to 47p, still reflecting last week's poor interim figures, but firmed to end a net penny up at 49p on recovery hopes. **Wilmot Breeden** eased a penny to 81½p in the continued absence of news of the talks with Rockwell International.

Newspaper leaders moved higher in response to Press comment. **Associated** added 7 at 179p, **Daily Mail "A"** 13 to 363p and **News International** 5 to 293p.

Already a few pence harder, Properties made further progress in the late dealings to close with numerous good improvements. In the leaders, **Land Securities** stood out at 253p, up 5, while **Stock Conversion** put on 4 to 298p and **Great Portland Estates** 8 to 234p. News that **British Land**, a penny better at 48p, had further increased its stake in the company lifted **Churchbury Estates** *3 to a 1978-79 peak of 345p* and, mirroring Press comment, **Law Land** firmed 1½ to 56p. Among smaller-priced issues, **Marlborough** stood out with a gain of 2 at 25½p.

Oils firm late

Leading Oils traded quietly around previous overnight closing levels until the later dealings when prices tended firmer in line with general sentiment. **British Petroleum** ended 6 up at 918p and **Shell** closed a few pence harder at 574p.

Barely-tested Textiles closed with few changes from Friday's levels, although the odd feature became apparent. **Sirdar** rose 7 to a 1978-79 high of 88p as speculative demand increased in a thin market and, following news that the offer from Dawson International is not to be referred to the Monopolies Commission, **John Haggas** rallied 14 to 202p.

In Tobaccos, **Imps** responded to weekend Press comment with a rise of 1½ to 87p.

News that Sime Darby, long touted as a possible suitor for **Guthrie**, had finally come in with a tentative offer of 425p per share lifted the latter to a peak of 443p, before a close of 437p for a net gain of 92; **Sime Darby** finished 8 better at 109p. Other Plantations reacted favourably and increased speculative support was seen in **London** ***Sumatra***, 10 better at 205p, and **Harrisons Malaysian Estates**, 11 higher at 123p.

Quiet Mines

Mining markets began the week on a subdued note with interest at minimal levels. The only section to show significant gains was Australians where base-metal producers moved ahead strongly in line with overnight domestic markets and reflecting the continuing strength of prices on the London Metal Exchange.

MIM Holdings advanced 5 more to 220p, ***North Broken Hill*** 7 to 116p and **Mount Lyell** 4 to a 1978-high of 46p.

Diamond exploration issues, however, came in for light selling which left **Conzinc Riotinto** 4 cheaper at 290p, **Jones Mining** 2 easier at 26p and **Western Queen** a penny off at 20p.

South African Golds traded *quietly throughout the day.* Early firmness in the investment currency premium enabled sterling prices to register modest gains despite the $1.50 fall in the bullion price to $223.375 per ounce. The Gold Mines index put on 0.9 to 140.4 but the ex-premium index relinquished 0.4 to 97.5.

Light profit-taking and weekend Press mention advising caution prompted a further 2 fall in **De Beers** in front of the Central Selling Organisation 1978 sales figure.

Elsewhere in South African Financials, news that Iran is to suspend oil exports to South Africa caused renewed buying of "**Amcoal**" which climbed 10 more to 675p. Cape support lifted **Union Corporation** by 4 to 268p.

London-registered Financials were barely changed with the exception of **Gold Fields** which fell 3 to 182p reflecting the downturn in the bullion price.

The early rise in the investment premium was reflected by Malaysian Tins where gains of 5 were common to **Ayer Hitam**, 355p, **Malayan Tin**, 390p, and **Southern Malayan**, 310p.

Elsewhere, **Consolidated Murchison** advanced 20 to 205p in front of the December quarterly results which are due next week.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1978-79 high	1978-79 low
Guthrie Corp. ...	£1	19	437	+92	443	211
Barclays Bank ...	£1	11	385	+ 7	385	296
BP ...	£1	9	918	+ 6	954	720
Beecham ...	25p	8	650	+ 5	726	581
GEC ...	25p	8	332	+ 6	349	233
Manganese Br'ze	25p	8	73	+ 7	101	54
Boardman (K. O.)	5p	7	23	—	23	12
ICI ...	£1	7	368	+ 3	421	328
Midland Bank ...	£1	7	372	+ 4	390	330
Boots ...	25p	6	194	+ 1	237	184
First Nat. Fin. Ln. 1992-97 ...	£100	6	£46½	— 2½	£49	£11½
Plessey ...	50p	6	114	+ 2	125	87
Rank Org. ...	25p	6	268	+ 4	296	226
Shell Transport...	25p	6	574	+ 2	602	484
U.D.T. ...	25p	6	46	—	48	32

FINANCIAL TIMES STOCK INDICES

—	Jan. 8	Jan. 5	Jan. 4	Jan. 3	Jan. 2	Dec. 29	A year ago
Government Secs....	68.52	68.42	68.61	68.47	68.60	68.69	77.89
Fixed Interest...	70.35	70.29	70.29	70.24	70.30	70.23	81.27
Industrial ...	484.4	479.5	481.9	479.9	473.0	470.9	491.7
Gold Mines...	140.4	139.5	138.8	137.8	138.0	141.5	136.9
Gold Mines(Ex-$ pm)	97.5	97.9	97.5	97.0	95.6	99.1	109.7
Ord. Div. Yield ...	5.96	6.02	6.00	6.02	6.11	6.13	5.47
Earnings, Y'ld % (full)	15.65	15.80	15.76	15.79	16.03	16.08	16.62
P/E Ratio (net) (*)...	8.30	8.22	8.25	8.25	8.11	8.08	8.52
Dealings marked...	3,596	4,144	3,580	3,005	2,465	2,555	6,668
Equity turnover £m.	—	55.16	69.03	37.74	39.15	51.38	66.19
Equity bargains total	—	10,502	11,911	9,825	7,712	8,403	17,916

10 am 477.5. 11 am 478.5. Noon 479.6. 1 pm 479.7. 2 pm 481.2. 3 pm 482.1.
Latest Index 01-246 8026.
* Nil=8.05.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. Ex $ pm index started June, 1972. SE Activity July-Dec. 1942.

HIGHS AND LOWS

—	1978/9 High	1978/9 Low	Since Compilat'n High	Since Compilat'n Low
Govt Secs..	78.58 (5/1/78)	67.92 (10/11/78)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int ...	81.27 (9/1/78)	69.30 (15/11/78)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord. ...	535.5 (14/3/78)	433.4 (2/3/78)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	206.6 (14/8/78)	124.1 (29/11/78)	442.3 (22/5/75)	43.5 (26/10/71)
Gold Mines (Ex-$ pm)..	132.5 (14/3/78)	80.3 (18/4/78)	337.1 (3/4/74)	54.3 (25/6/76)

S.E. ACTIVITY

	Jan. 8	Jan. 5
—Daily		
Gilt Edged...	124.0	132.2
Industrials...	115.8	143.8
Speculative...	24.5	32.2
Totals...	81.9	92.8
5-d'y Av'r'ge		
Gilt Edged...	112.4	103.5
Industrials...	114.3	106.9
Speculative...	26.0	26.9
Totals...	76.4	71.7

NEW HIGHS AND LOWS FOR 1978/9

The following securities quoted by the Share Information service yesterday attained new Highs and Lows for 1978-79.

NEW HIGHS (66)

CANADIANS (1)
Place Gas

BANKS (5)
Barclays; Cie. Bancaire; First National Wts.; Moorgate Mercantile; National & Comml.

BEERS (1)
Burtonwood

BUILDINGS (3)
Burnett Hallamshire; Sabah Timber; Lovell (Y. J.)

CHEMICALS (1)
Halstead (J.)

STORES (3)
MFI Furniture; Waring & Gillow; Status Discount

ELECTRICALS (4)
Cray Electronics; Highland Elect.; Electronic Rentals; Sound Diffusion

ENGINEERING (4)
Anglo-Swiss; Crown House; Astra Industrial; English Card Clothing

HOTELS (2)
Trust Houses Forte; Warner Holidays A

INDUSTRIALS (12)
Arenson (A.); Maddock; Clarke (Clement); P.M.A.; Eleco; Sketchley; Fothergill & Harvey; Tove; James (M.); Watson (R. K.); Johnson Cleaners; Wills (G.)

LEISURE (2)
Saga Holidays; Samuelson

MOTORS (1)
British Car Auction

NEWSPAPERS (2)
Independent; News Internatl.

PROPERTY (13)
Brixton Estate; Law Land; Churchbury Estates; Marlborough; County & District; Regional Prop. 'A'; Dorrington; Scottish Metropolitan; Estates Prop. Inv.; Slough Estates Conv.; Great Portland Ests.; Stock Conversion; Hammerson A

SHIPPING (1)
Milford Docks

SHOES (1)
Wearra

TEXTILES (3)
British-Enkalon; Sirdar; Dixon (D.)

TRUSTS (1)
S.E. £4¼ Ann.

OILS (1)
Burmah

RUBBERS (3)
Guthrie Corp.; Muar River; London Sumatra

TEAS (1)
Lunuva

MINES (1)
Mount Lyell

NEW LOWS (4)

FOREIGN BONDS (1)
Ireland 9¾pc '91-96

BANKS (1)
Hill Samuel Wts.

INDUSTRIALS (1)
Bath & Portland

TEXTILES (1)
Homfray

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds ...	68	—	[illegible]
Cpn. Dom. and Foreign Bonds ...	5	2	[illegible]
Industrials ...	357	185	[illegible]
Financial and Prop.	112	38	[illegible]
Oils ...	9	3	[illegible]
Plantation ...	14	6	[illegible]
Mines ...	49	19	73
Recent Issues ...	4	3	[illegible]
Totals	616	265	1,[illegible]

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Dec. 19	Jan. 8	Mar. 22	Apr. 3
Jan. 9	Jan. 22	Apr. 5	Apr. 18
Jan. 23	Feb. 5	Apr. 19	May 1

For rate indications see end of Share Information Service

Call options were completed in Charter Cons., Lonrho, Liden, Bowthorpe, Mining Supplies, FNFC, UDT, Milbury, Town and City, Johnson-Richards Tiles, Armour Trust, Burmah and Willis Faber. A put was completed in FNFC 9½ per cent loan, while doubles were arranged in Bowthorpe, UDT, FNFC 9½ per cent, British Petroleum and Town and City.

LONDON TRADED OPTIONS

Option	Ex'rc'se price	January Closing offer	January Vol.	April Closing offer	April Vol.	July Closing offer	July Vol.	Equity close
BP	900	25	13	62	5	83	—	915p
BP	950	1½	6	31	—	50	—	"
Com Union	140	11	1	15	—	20	—	151p
Cons Gold	160	24	8	32	—	35	3	185p
Cons Gold	180	5	6	15	—	21	—	"
Cons Gold	200	1	—	6	24	11	—	"
Courtaulds	120	4	—	10	—	12	6	121p
GEC	300	32	1	45	—	54	—	331p
GEC	330	7½	6	23	—	34	—	"
Grand Met.	100	17½	—	21	5	24	—	117p
Grand Met.	110	8	3	12	4	15	30	"
Grand Met.	120	2	33	6	—	10	—	"
ICI	360	11½	—	22	10	34	—	366p
ICI	390	1	—	7½	—	19	5	"
Land Secs	200	53	5	60	—	—	—	252p
Land Secs	220	35	5	41	—	45	—	"
Land Secs	240	13	10	24	—	30	5	"
Land Secs	260	1½	—	12	6	19	7	"
Marks & Sp	80	26½	1	29	—	—	—	86p
Shell	550	24	2	43	—	52	—	573p
Shell	600	1½	—	13	1	26	3	"
Totals			97		54		58	
		February		May		August		
ImperialGp	80	8½	—	9	5	11	2	86p
RTZ	240	7	—	15	4	18	22	237p
RTZ	260	1½	—	7	—	11	20	"
Totals					9		44	

EQUITIES

Issue Price p:	Amount Paid Up	Latest Renunc. Date	1978/79 High	1978/79 Low	Stock	Closing Price p:	+ or —	Div. P. or Amount	Times Covered	Gross Yield	P.E. Ratio
A$0.50	F.P.	—	78	61	Ashton Mining 50c...	77	......	—	—	—	—
A$125	F.P.	—	106	97	‡‡Aust. Farming A$1	97	......	—	—	—	—
155	F.P.	10/1	178	170	HarrisQueensw'y 20p	170	—1	7.8	3.1	6.8	7.1
29	F.P.	5/1	31	29	Kitchen Queen 10p	29	......	1.34	3.4	6.9	4.8
**	F.P.	9/2	34	31	M. Y. Dart Defd....	31	......	—	—	—	—
110	F.P.	17/1	135	115	Mill'ttsL's'reShps20p	131	—1	M5.7	1.8	6.5	12.6

FIXED INTEREST STOCKS

Issue Price	Amount Paid up	Latest Renunc. Date	1978/79 High	1978/79 Low	Stock	Closing Price	+ or —
¶¶	F.P.	16/2	109p	106p	Assoc. Dairies 9¼% Pref...	109p	.....
¶	F.P.	26/1	100	89¼	Colne Valley Water 8% Red Prf. 1983...	101	.....
100p	F.P.	28/12	100½p	99p	Findlay 8% Cnv. Cum. Red. Prf...	99p	.....
100p	F.P.	5/1	106	102	Hawley Goodall 12% Cnv. Uns. Ln. '86-88	105½	.....
£1	F.P.	22/12	99p	97½p	Newman Inds. 10¼% Acc. Pref. ...	97p	.....
¶	£10	1/3	13¼	13	Mid Kent Water 8% Pref. 1984...	13¼	.....
	Nil	11/1	1½pm	¾pm	Rivington Reed 9¼% Cnv.Cum.Red.Prof.	1½pm	.....
97½p	F.P.	5/1	99p	97½p	Seascope 10¼% Pref...	97½p	.....

"RIGHTS" OFFERS

Issue Price p	Amount Paid Up	Latest Renunc. Date		1978/79 High	1978/79 Low	Stock	Closing Price p.	+ or —
60	Nil	19/1	9/2	12pm	7pm	Associated Biscuit	9pm	+1
660	F.P.	15/12	2/2	653	568	Beecham	650	+5
17	F.P.	15/12	26/1	20½	19½	Boulton Wm.	20	
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	[illegible]	Capper-Neill	[illegible]	
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	[illegible]	Clifford (Chas.)	[illegible]	
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	[illegible]	Dixon (D.)	[illegible]	
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	[illegible]	Foster John	[illegible]	
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	[illegible]	Hoskins & Horton	[illegible]	
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	[illegible]	Lep Group	[illegible]	
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	[illegible]	M. L. Holdings	[illegible]	
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	[illegible]	Metal Box	[illegible]	
[illegible]	Nil	[illegible]	[illegible]	[illegible]	[illegible]	Milbury	[illegible]	
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	[illegible]	Stothert & Pitt	[illegible]	
[illegible]	Nil	[illegible]	[illegible]	[illegible]	[illegible]	Suter Electrical Defd.	[illegible]	
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	[illegible]	Tern Consulate	[illegible]	
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	[illegible]	York Fine Woollen	[illegible]	

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend; cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. q Gross. † Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. || Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. |||| Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS — GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

	Groups & Sub-sections	Mon., Jan. 8, 1979 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 33%)	Est. P/E Ratio (Net)	Fri., Jan. 5 Index No.	Thurs., Jan. 4 Index No.	Wed., Jan. 3 Index No.	Tues., Jan. 2 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (172)	236.81	+0.7	17.04	5.53	8.03	235.09	236.18	234.29	231.99	213.67
2	*Building Materials (27)*	208.84	+0.6	18.07	6.18	7.61	207.69	209.38	206.12	203.61	197.57
3	Contracting, Construction (28)	362.16	−0.3	21.39	4.95	6.71	363.22	364.07	361.89	357.67	348.37
4	Electricals (15)	555.75	+1.5	13.85	3.42	9.88	547.72	550.02	545.22	540.58	461.70
5	Engineering Contractors (14)	360.61	+0.4	18.02	5.98	7.53	359.05	361.89	357.53	352.74	306.96
6	Mechanical Engineering (72)	184.79	+0.5	18.27	6.07	7.30	183.84	184.74	183.82	181.34	166.52
8	Metals and Metal Forming (16)	164.80	+0.7	16.58	8.71	8.38	163.73	163.89	162.75	160.27	162.83
	CONSUMER GOODS										
11	(DURABLE) (53)	210.79	+0.3	16.62	5.12	8.09	210.17	211.63	210.39	207.34	195.81
12	Lt. Electronics, Radio, TV (16)	256.79	+0.4	13.97	3.91	10.04	265.71	268.16	266.35	261.89	235.04
13	Household Goods (12)	166.05	−0.4	18.19	6.87	7.54	166.64	166.25	165.93	165.25	184.33
14	*Motors and Distributors (25)*	121.94	+0.2	21.01	6.91	5.98	121.65	122.25	121.62	120.09	118.86
	CONSUMER GOODS										
21	(NON-DURABLE) (170)	211.36	+0.5	16.14	6.04	8.27	210.23	211.14	210.15	207.21	206.18
22	Breweries (14)	233.96	+0.3	15.68	6.42	8.29	233.35	234.63	232.38	230.12	231.86
23	Wines and Spirits (6)	289.27	+0.7	16.06	5.15	9.15	287.26	288.87	285.71	279.15	247.52
24	Entertainment, Catering (17)	276.86	+1.3	13.39	6.36	10.09	273.28	275.75	273.27	269.24	264.64
25	Food Manufacturing (19)	201.32	+0.1	18.89	5.51	7.03	201.08	202.69	202.53	199.92	202.13
26	Food Retailing (15)	233.18	+0.6	14.28	5.05	9.55	231.85	233.40	231.21	228.83	222.08
32	Newspapers, Publishing (12)	382.70	+1.4	21.02	6.34	6.71	377.55	377.34	371.03	366.08	368.21
33	Packaging and Paper (15)	135.09	+1.4	18.83	7.79	6.92	133.19	133.28	133.28	130.82	134.96
34	Stores (40)	195.80	+0.2	12.10	4.86	11.89	195.50	195.46	195.38	191.74	197.80
35	Textiles (23)	182.60	+0.3	17.66	8.20	7.32	182.06	182.39	180.68	178.59	174.93
36	Tobaccos (3)	238.21	+1.3	23.29	7.88	5.08	235.25	237.23	236.05	235.08	224.44
37	Toys and Games (6)	92.80	+0.3	23.91	7.00	4.93	92.51	92.10	91.65	90.89	101.93
41	OTHER GROUPS (99)	198.98	+0.5	15.62	6.25	8.25	197.91	198.31	196.61	194.38	194.78
42	Chemicals (19)	279.57	+0.6	15.93	6.76	8.20	277.86	278.59	278.28	275.67	258.33
43	Pharmaceutical Products (7)	250.01	+0.5	11.10	4.65	10.92	248.78	250.96	248.35	245.15	261.15
44	Office Equipment (6)	137.27	+1.2	17.70	5.63	6.74	135.69	136.02	131.01	129.31	138.29
45	Shipping (10)	418.08	−0.1	14.47	7.27	8.77	418.46	414.63	408.18	405.44	476.43
46	Miscellaneous (57)	214.35	+0.5	17.96	6.70	7.41	213.34	213.99	211.54	208.80	208.63
49	INDUSTRIAL GROUP (494)	221.46	+0.6	16.28	5.89	8.18	220.20	221.10	219.64	216.79	211.34
51	Oils (6)	513.81	+0.5	13.59	3.92	8.08	511.21	510.15	510.47	501.52	468.73
59	500 SHARE INDEX	245.75	+0.6	15.86	5.59	8.15	244.38	245.14	243.80	240.47	232.93
61	FINANCIAL GROUP (115)	173.76	+0.6	—	5.59	—	172.69	172.33	170.95	168.88	178.38
62	Banks (6)	207.66	+1.2	22.69	5.67	6.61	205.11	205.77	202.17	198.80	202.85
63	Discount Houses (10)	218.26	—	—	8.11	—	218.30	219.06	218.62	212.93	226.35
64	Hire Purchase (5)	168.70	—	14.44	5.06	9.16	168.70	167.79	165.83	165.00	169.48
65	Insurance (Life) (10)	137.71	−0.1	—	6.82	—	137.80	137.20	135.30	133.47	150.93
66	Insurance (Composite) (7)	124.55	+0.1	—	7.04	—	124.47	124.73	124.54	123.32	142.23
67	Insurance Brokers (10)	312.52	+0.2	15.30	5.39	9.33	311.85	311.85	310.08	309.28	333.71
68	Merchant Banks (14)	79.93	—	—	6.13	—	79.96	79.79	78.26	77.62	85.17
69	Property (43)	277.48	+1.3	3.74	2.91	42.80	273.87	273.71	270.94	267.26	253.45
70	Miscellaneous (10)	114.62	−0.4	19.59	6.87	6.33	115.12	115.17	113.46	113.01	110.87
71	Investment Trusts (111)	206.27	+0.1	—	5.12	—	206.09	205.88	203.96	202.36	196.58
81	Mining Finance (4)	101.54	−0.6	18.51	7.01	6.65	102.17	102.99	102.66	101.39	91.87
91	Overseas Traders (20)	308.05	+3.1	15.86	7.62	7.92	298.89	298.69	296.94	292.58	284.93
99	ALL-SHARE INDEX (750)	225.74	+0.6	—	5.63	—	224.45	224.89	223.52	220.60	216.71

FIXED INTEREST PRICE INDICES

	British Government	Mon., Jan. 8	Day's change %	xd adj. today	xd adj. 1979 to date
1	Under 5 years	103.24	+0.23	—	0.00
2	5-15 years	110.89	+0.15	—	0.00
3	Over 15 years	115.46	+0.15	—	0.00
4	Irredeemables	122.25	—	—	0.00
5	All stocks	109.41	+0.18	—	0.00

FIXED INTEREST YIELDS — Br. Govt. Av. Gross Red.

			Mon., Jan. 8	Fri., Jan. 5	Year ago (approx.)
1	Low Coupons	5 years	9.67	9.70	7.17
2		15 years	11.48	11.43	9.25
3		25 years	12.22	[illegible]	[illegible]
4	Medium Coupons	5 years	12.71	[illegible]	[illegible]
5		15 years	12.80	12.82	[illegible]
6		25 years	12.91	12.92	[illegible]
7	High Coupons	5 years	12.78	12.83	[illegible]
8		15 years	13.25	13.27	[illegible]
9		25 years	13.34	13.37	[illegible]
10	Irredeemables		12.01	12.02	[illegible]

		Mon., Jan. 8 Index No.	Yield %	Fri. Jan. 5	Thurs. Jan. 4	Wed. Jan. 3	Tues. Jan. 2	Fri. Dec. 29	Thurs. Dec. 28	Wed. Dec. 27	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	54.80	13.53	54.79	54.77	54.91	54.91	54.81	54.81	[illegible]	[illegible]
16	Investment Trust Prefs. (15)	51.33	13.67	51.33	51.03	51.54	51.54	51.17	[illegible]	[illegible]	[illegible]
17	Coml. and Indl. Prefs. (20)	72.33	12.96	72.29	72.25	72.37	72.36	72.58	[illegible]	[illegible]	[illegible]

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by post 22p.

AUTHORISED UNIT TRUSTS

Minster Fund Managers Ltd.
Minster Hse., Arthur St., EC4. 01-623 1050

Minster Jan. 2	36.9	38.9	...	5.95
Exempt Dec. 29	99.5	103.5	.....	5.41

MLA Unit Trust Mngmnt. Ltd.
Old Queen Street, SW1A 9JG. 01-930 7333

MLA Units	45.7	48.0	...	3.96

Murray Johnstone U.T. Mgnt.♥ (a)
163, Hope Street, Glasgow, G2 2UH. 041-221 5521

MJ European	82.0	87.3	.....	3.59

Dealing Day Friday.

Mutual Unit Trust Managers♥ (a)(g)
15, Copthall Ave., EC2R 7BU. 01-606 4803

Mutual Sec. Plus	51.1	54.7	−0.1	6.72
Mutual Inc. Tst.	71.0	76.3	+0.8	7.60
Mutual Blue Chip	44.1	48.0	−0.1	6.78
Mutual High Yld.	57.1	61.4	+0.1	8.74

National and Commercial
31, St Andrew Square, Edinburgh. 031-556 9151

Income Dec. 27	157.6	163.4	...	6.01
(Accum Units)	219.0	227.2	...	6.01
Capt. Dec. 27	135.0	140.0	.....	4.16
(Accum. Units)	164.8	170.8	...	4.16

National Provident Inv. Magrs. Ltd.♥
48, Gracechurch St., EC3P 3HH. 01-623 4200

N.P.I. Gth.Un.Tst.	47.0	50.0	.....	4.95
(Accum. Units)*	58.3	62.1	.....	4.95
NPI O'seas. Trust	130.0	137.6	...	2.35
(Accum. Units)**	139.6	147.8	.....	2.35

**Prices on Dec. 29. Next dealing Jan. 25. *Prices on Jan. 3. Next dealing Jan. 17.

National Westminster♥ (a)
161, Cheapside, EC2V 6EU. 01-606 6060.

Capital (Accum.)	67.1	72.1	+0.5	4.49
Extra Inc.	66.5	71.5	+0.1	8.18
Financial	34.5	37.0	+0.3	5.42
Growth Inv.	86.9	93.4	+0.2	5.14
Income	35.1	37.7	+0.2	7.27

Quilter Management Co. Ltd.♥
The Stk. Exchange, EC2N 1HP. 01-600 4177

Quadrant Gen. Fd	104.8	111.3	+1.8	4.40
Quadrant Income	131.0	135.1	−1.3	8.57

Reliance Unit Mgrs. Ltd.♥
Reliance Hse., Tunbridge Wells, Kt. 0892 22271

Opportunity Fd	66.7	71.3	...	6.36
Sekforde T. (Acc.)	45.9	49.1	−0.2	5.52
Sekforde T. Inc.	43.9	47.0	−0.1	5.52

Ridgefield Management Ltd.
38-40, Kennedy St., Manchester 061-236 8521

Ridgefield Int. UT.	92	98	.....	2.49
Ridgefield Income	92	98	...	10.11

Rothschild Asset Management (g)
72-80, Gatehouse Rd., Aylesbury. 0296 5941

N.C. Equity Fund	171.5	182.4	+1.1	3.43
N.C. Engy. Res. Tst.	111.0	118.0	+1.1	2.44
N.C. Income Fund	150.1	159.6	+1.2	7.50
N.C. Intl. Fd. (Inc.)	86.9	92.4	+0.5	1.69
N.C. Intl. Fd. (Acc.)	88.0	93.6	+0.6	1.69
N.C. Smllr Coys Fd.	159.8	170.0	+0.3	4.55

Rothschild & Lowndes Mgmt. (a)
St. Swithins Lane, Ldn., EC4 01-626 4356

New Ct. Exempt	£124.0	131.0	...	3.98

Prices on Dec. 15. Next dealing Jan. 15.

Rowan Unit Trust Magt. Ltd.♥ (a)
City Gate Hse., Finsbury Sq., EC2. 01-606 1066

American Jan. 4	66.0	69.0	.....	1.72
Securities Jan. 3	173.5	182.5	...	4.50
High Yld. Jan. 5	55.5	58.5	...	8.52
(Accum. Units)	81.1	85.4	...	8.52
Merlin Jan. 3	78.8	83.0	..	4.42
(Accum. Units)	97.3	102.5	.....	4.42

Royal Tst. Can. Fd. Mgrs. Ltd.
54, Jermyn Street, S.W.1. 01-629 8252

James Finlay Unit Trust Magt. Ltd.
10-14, West Nile Street, Glasgow. 041-204 1321

J. Finlay Internat'l	22.6	24.3	.....	2.19
Accum. Units	26.8	28.8	.....	2.19
J. Finlay Income	36.3	39.0	.....	8.38
J. Finlay Euro.Fin.	26.7	28.7	.....	3.35
Accum. Units	31.6	34.0	.....	3.35
J. Finlay Fd.In.Tst.	27.1	29.1	.....	4.37
Accum. Units	31.6	33.9	.....	4.37

Prices Jan. 3. Next dealing Jan. 10.

Capital	28.7	30.9	+0.3	3.97
Do. Accum.	52.7	56.7	+0.2	6.96
Income	61.4	66.1	+0.2	6.96
Do. Accum.	43.7	47.2	+0.6	2.54
International	47.0	50.6	+0.6	2.54
Do. Accum.	63.4	68.2	.....	8.56
High Yield	69.2	74.5	.....	8.56
Do. Accum.	107.8	113.7	.....	5.57
Equity Exempt*	107.8	113.7	.....	5.57
Do. Accum.*	48.7	51.8	+0.3	0.93
Japan & Pacific	48.7	51.8	+0.3	0.93

*Prices at Jan. 5. Next dealing Jan. 12.

CORAL INDEX: Close 481-486

INSURANCE BASE RATES

†Property Growth	12%
†Vanbrugh Guaranteed	11.25%

†Address shown under Insurance and Property Bond Table.

INSURANCE AND PROPERTY BONDS

OFFSHORE AND OVERSEAS FUNDS

J.E.T. Managers (Jersey) Ltd.
P.O. Box 98, Channel House, Jersey 0534 73673

Jersey Extrnl. Tst.	167.0	177.0	...	—

As at Dec. 29. Next sub. day Jan 31.

Jardine Fleming & Co. Ltd.
46th Floor, Connaught Centre, Hong Kong

Jardine Estn. Tst.	HK$291.89	−5.52	2.60
Jardine J'pn.Fd.*	HK$414.73	...	0.80
Jardine S.E.A.	SUS16.66	−0.08	2.10
Jardine Flem.Int.	HK$11.92		—
Intl Pac.Secs.(Inc.)	HK$13.36		—
Do. (Accum.)	HK$13.54		—

NAV Dec. 29. *Equivalent SUS86.44 Next sub. day January 15.

Warburg Invest. Mngt. Jrsy. Ltd.
1, Charing Cross, St. Helier, Jsy.C1 0534 73741

CMF Ltd. Dec. 28	SUS14.25	14.61	.....	—
CMT Ltd. Dec. 28	£14.25	14.62	.....	—
Metals Tst. Dec. 21	£13.17	13.49	.....	0.67
TMT Dec. 14	SUS10.39	10.66	.....	—
T.M.T. Ltd. Dec. 14	£10.28	10.55	.....	—

World Wide Growth Management♦
10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd	SUS15.50	+0.31	—

NOTES

Prices do not include $ premium, except where indicated ♦, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ♦. ¶ Guernsey gross. ‡ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies.

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

1978-79 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
"Shorts" (Lives up to Five Years)						
105⅛	99 13/16	Treasury 11½pc '79‡‡	99 15/16	......	11.51	11.71
97	94 9/16	Treasury 3pc '79‡‡	95 7/16	+1/16	3.14	9.98
97⅞	95⅛	Electric 4½pc '74-79	96 5/16	......	4.42	10.05
104 11/16	98 13/16	Treasury 10½pc '79‡‡	99 3/16	+1/16	10.60	11.65
96⅛	94¼	Electric 3½pc '76-79	95¾	......	3.66	8.77
103⅛	95⅞	Treasury 9pc 1980‡‡	97¼	+3/16	9.25	11.62
102 15/16	96⅛	Treasury 9½pc '80‡‡	97 3/16	+⅛	9.76	11.70
95⅛	92 5/16	Treasury 3½pc '77-80	94⅝	......	3.70	7.53
96½	93½	Funding 5¼pc '78-80‡‡	94⅝	......	5.55	9.34
110¼	100⅝	Exchequer 13pc 1980‡‡	101 1/16	+¼	12.82	12.08
106⅛	97⅝	Treasury 11½pc 1981‡‡	99⅛xd	+¼	11.60	12.01
91⅝	89¼	Treasury 3¼pc 1979-81	89⅝	+⅛	3.91	9.10
101¾	94⅜	Treasury 9¾pc 1981‡‡	95 1/16	+1/16	10.26	12.32
97 3/16	91 3/16	Exch. 8¼pc 1981	92 1/16	+¼	8.96	12.12
100⅝	92¼	Exch. 9½pc 1981	93⅞xd	+¼	10.12	12.40
87 13/16	85¼	Exch. 3pc 1981	85⅝	......	3.50	9.31
97 1/16	95⅝	Treas. Variable '81§§	97 7/16	+1/16	12.42	13.65
111	100	Exch. 12¾pc 1981‡‡	100 11/16	+⅛	12.66	12.43
99½	89⅞	Treas. 8½pc '80-82‡‡	90¾xd	+1/16	9.37	12.26
85⅞	82⅞	Treasury 3pc '82‡‡	84⅛	+1/16	3.57	8.97
115⅞	103 1/16	Treasury 14pc '82‡‡	104	+1/16	13.46	12.42
96⅛	94	Treas. Variable '82§§	96	+1/16	12.60	14.07
96½	87¼	Treasury 8¼pc '82	88⅛	+3/16	9.34	12.48
100¼	89 3/16	Exch. 9¼pc 1982	90	+3/16	10.28	12.69
96 3/16	87½	Exch. 8¾pc 1983	88 3/16	+1/16	9.92	12.61
85¼	79¼	Exch 3pc '83	79¾	+⅛	3.76	8.98
114¼	97⅝	Treasury 12pc 1983‡‡	97⅞	+¼	12.26	12.66
100½	87⅝	Treasury 9½pc '83	88 5/16xd	+3/16	10.49	12.79
95¾	88	Exch. 10pc 1983	89⅞	+1/16	11.13	12.83
Five to Fifteen Years						
89⅝	80¼	Funding 5½pc '82-84‡‡	81¾xd	+⅛	6.72	10.22
97⅞	97⅛	Exch. 12¼pc 1985●	97⅞	+⅛	12.79	13.17
96⅞	83¼	Treasury 8½pc '84-86‡‡	84¼xd	+⅛	10.07	11.72
87⅞	75½	Funding 6½pc '85-87‡‡	76¾	+⅛	8.61	11.08
89⅝	77	Treasury 7¾pc '85-88‡‡	77½xd	+⅛	9.95	11.80
68⅞	60⅛	Transport 3pc '78-88	62¾	+⅛	4.79	8.92
75⅝	63¼	Treasury 5pc '86-89	65½	+⅛	7.77	10.64
115⅝	90½	Treasury 13pc 1990‡‡	99⅝xd	+⅛	13.05	13.07
89⅝	76	Treasury 8¼pc '87-90‡‡	77¼	+⅛	10.76	12.06
106½	91½	Treasury 11¾pc 1991	91⅝xd	+⅛	12.82	13.15
75⅛	63¼	Funding 5¾pc '87-91‡‡	64¼	+⅛	9.09	11.39
112⅞	95½	Treasury 12¾pc '92‡‡	96⅞xd	+⅛	13.10	13.19
96⅝	84	Treasury 10pc 1992	85½	+⅛	12.25	12.93
113	96⅝	Exch. 12¼pc '92	98¼	+⅛	13.08	13.26
110⅝	94⅞	Treasury 12½pc '93‡‡	95⅛xd	+⅛	13.12	13.26
72⅞	60⅛	Funding 6pc 1993‡‡	61½	+⅛	10.07	11.87
Over Fifteen Years						
120¼	102¼	Treasury 13¾pc 1993‡‡	103¾	+⅛	13.48	13.43
129⅞	110⅝	Treasury 14½pc '94‡‡	111⅞	+⅛	13.60	13.46
114½	97⅞	Exch. 13½pc 1994	99⅜	+⅛	13.22	13.32
89⅞	73¼	Treasury 9pc '94‡‡	76¼	+⅛	11.93	12.61
106¼	91¼	Treasury 12pc '95	91¾xd	+⅛	13.06	13.24
52½	43⅝	Gas 3pc '90/95	44⅝	+⅛	6.81	10.04
95	81	Exch. 10¼pc 1995	81¼xd	+⅛	12.58	13.02
114⅞	97	Treasury 12¾pc '95‡‡	98¼	+⅛	13.22	13.27
90½	76	Treasury 9pc '92-96‡‡	77⅛	+⅛	12.12	12.72
131½	111⅞	Treasury 15¼pc '96‡‡	113⅝	+⅛	13.76	13.60
117⅝	100	Exchequer 13¼pc '96‡‡	101½	+⅛	13.32	13.32
50	42¼	Redemption 3pc 1986-96	44⅛	+⅛	6.93	9.88
115¼	98⅛	Treasury 13¼pc '97‡‡	99xd	+⅛	13.52	13.33
98⅜	84½	Exchequer 10½pc 1997	86	+⅛	12.81	13.12
88⅛	73⅝	Treasury 8¾pc 1997‡‡	74¼	+⅛	12.22	12.76
72¼	59⅛	Treasury 6¾pc '95-98‡‡	60⅛	+⅛	11.47	12.47
135⅞	115⅜	Treas. 15½pc '98‡‡	117⅛	+⅛	13.74	13.60
100⅛	91½	Exch. 12pc 1998	92¾	+⅛	13.17	13.29
90½	75¼	Treasury 9½pc 1999‡‡	76¼xd	+⅛	12.43	12.80
96¼	81¼	Treasury 10½pc 1999	83⅛	+⅛	12.86	13.10
96¼	90⅛	Exch. 12pc '99-02	90⅝xd	+⅛	13.18	13.26
42½	34¼	Funding 3½pc '99-04	35¼xd	+⅛	9.92	11.26
95⅜	94⅞	Treasury 12½pc '03-05	95	+⅛	13.24	13.26
80⅞	65¼	Treasury 8pc '02-06‡‡	66¼	+⅛	12.47	12.70
58⅞	46½	Treasury 5½pc '08-12‡‡	47	+⅛	12.17	12.43
76⅝	61⅛	Treasury 7¾pc '12-15‡‡	61½xd	+⅛	12.53	12.63
98½	90¾	Exch. 12pc '13-'17	92	+⅛	13.18	13.18
Undated						
37⅛	30⅛	Consols 4pc	30½xd	......	13.01	—
37⅞	28⅞	War Loan 3½pc‡‡	29⅞	......	11.86	—
39¼	33	Conv. 3½pc '61 Aft.	34⅞	......	10.32	—
28⅝	23	Treasury 3pc '66 Aft.	23⅝	......	13.00	—
24⅛	19¾	Consols 2½pc	20⅛	......	12.44	—
24	19¼	Treasury 2½pc	19¾	......	13.11	—

INTERNATIONAL BANK

101	79¼	5pc Stock '77-82	81½	......	6.14	11.36

CORPORATION LOANS

98¾	91½	Birm'ham 9¾pc '79-81	92¼	......	10.09	12.87
94¼	87¼	Bristol 7¾pc '79-81	87¾	......	8.82	12.98
107	98	G.L.C. 12½pc '82	98¾	......	12.66	12.95
112	97¼	Do. 12½pc 1983	97½	......	12.82	13.22
97¾	88¼	Glasgow 9¼pc '80-82	89¼	+¼	10.37	12.84
94	90¼	Herts. 5½pc '78-80	91¾	......	5.72	11.89
102½	88¼	Liverpool 9½pc '80-84	89½	+½	11.05	12.85
29¾	25½	Do. 3½pc Irred.	26½	......	13.44	—
88	81	Lon.Cp 6½pc '80-82	82¼xd	+¼	7.85	12.71
99¼	86¼	Do. 9½pc '84-85	87¼	......	10.90	12.63
92½	84½	L.C.C. 5½pc '77-81	85¼	−¼	6.45	12.04
87½	75½	Do 5½pc '82-84	75½xd	......	7.27	11.57
71½	65¾	Do. 5½pc '85-87	66¾	......	8.28	11.92
78	63	Do 6¾pc '88-90	63½xd	+¼	10.65	12.95
26½	22½	Do. 3pc '20 Aft.	22¾	......	13.57	—
93¾	91	Middx. 5¼pc 1980	92	......	5.71	12.59
99½	93½	Newcastle 9¼pc '78-80	94¾	......	9.76	12.77
106¾	99	Warwick 12½% 1980	99½	......	12.56	12.74

COMMONWEALTH & AFRICAN LOANS

95¼	92½	Aust. 5½pc '77-80	94½	......	5.83	11.65
88¼	81½	Do 5½pc '81-82	82¼	......	6.80	12.90
96½	92	N.Z. 6pc '76-80	95½	......	6.43	12.40
87¾	76¼	Do. 7½pc '83-86	77¼	......	9.76	12.33
95½	89	Sth Africa 9½pc '79-81	89¾	......	10.78	14.75
70	50	Sth Rhod. 2½pc '65-70	51	......	—	—
96	75	Do. 6pc '78-81	84	......	—	—

LOANS

Public Board and Ind.

64½	58	Agric. Mt. 5pc '59-89	58	......	8.63	12.20
90½	80	Alcan 10½pc '89-94	80½	......	13.04	13.50
33¼	26¼	Met. Wtr. 3pc 'B'	27½	......	11.33	13.08
154	107	U.S.M.C. 9pc 1982	126	+3	7.21	—
95½	87	Do. without Warrants	88½	......	10.17	13.10

Financial

107¼	99¼	FFI 13pc 1981	100½xd	......	12.94	12.72
110	101½	Do. 14pc '79	102½	......	14.14	13.50
114½	100	Do. 14pc '83	102½	......	13.66	13.28
85	79½	ICFC 5½pc Deb. '80-82	81	......	6.95	12.55
81½	72	Do. 6¾pc Db. '81-84	74½	......	8.40	12.40
99	88	Do. 10½pc Uns Ln. '86	88xd	......	11.93	12.95
99¼	88	Do. 11pc Uns.Ln. '88	88xd	......	12.50	13.20
101½	90	Do 12¼pc Uns.Ln. '90	90½xd	......	12.98	13.42
71½	61	Do. 7¾pc A Deb. '89-92	61½	......	11.79	13.40
71½	61	Do. 7¾pc A Db. '91-94	63	......	11.95	13.25
84½	72	Do 9pc 'A' '91-94	73	......	12.83	13.70
81¼	62	Do. 8¾pc Ln '92-97	71½	......	13.13	13.40

FOREIGN BONDS & RAILS

1978-79 High	Low	Stock	Price £	+ or −	Div. % Gross	Red. Yield
24	17	Antofagasta Rly.	23	......	—	—
41	33	Do. 5pc Pref.	39	......	—	—
98	98	Chilean Mixed	98	......	—	13.10
22	5	Chinese 4½pc 1898	21	......	—	—
35	4½	Do. 5pc 1912	35	......	—	—
20½	4½	Do. 5pc 1925 Boxer	19½	......	—	—
415	350	German Yng. 4½pc.	415	......	4½	—

BONDS & RAILS—Cont.

AMERICANS

U.S. $ & DM prices exclude inv. $ premium

S.E. List Premium 44¾% (based on US$2.0246 per £)
Conversion factor 0.6947 (0.7021)

CANADIANS

S.E. List Premium 44¾% (based on $2.4056 per £)

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FINANCE

DIAMOND AND PLATINUM

CENTRAL AFRICAN

MINES—Continued

AUSTRALIAN

1978-79 High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's
15	9	Acmex 25c	13	+2	—	—	—
140	64	Bougainville 50 Toea	140	+1	†08c	1.4	3.6
131	63	BH South 50c	109	+1	—	—	—
820	150	Central Pacific	400	+10	—	—	—
336	148	Conzinc Riotinto 50c	290	—4	‡010c	2.2	‡
32	19	Cultus Pacific N.L.	26	......	—	—	—
27	9½	Endeavour 20c	21	—½	—	—	—
75	45	G.M. Kalgoorlie $1	63	—1	—	—	—
68	18	Hanna Gold N.L.	37	......	—	—	—
158	81	Hamptn Areas 5p.	148	......	‡13.55	2.0	3.6
40	10	Metals Ex. 50c	26	......	—	—	—
223	125	M.I.M. Hldgs. 50c	220	+5	Q9c	1.7	2.5
22	10	Minefields Expl.	15	......	—	—	—
46	10	Mount Lyell 25c	46	+4	—	—	—
56	12	Newmetal 20c	42	......	—	—	—
143	79	North B. Hill 50c	116	+7	Q8c	1.3	4.3
16½	8½	Nth. Kalgurli	11	—½	—	—	—
50	12	Nth. West Mining	28	......	—	—	—
178	115	Oakbridge SA1	132	......	Q12c	1.9	10.0
42	10	††Otter N.L.	22	......	—	—	—
70	30	Pacific Copper	64	+1	—	—	—
£15½	725	Pancont'l 25c	780	+30	—	—	—
40	12	Paringa M&Ex. 5p	18	......	—	—	—
570	310	Peko-Wallsend 50c	460	+4	Q15c	ϕ	2.0
300	50	Southern Pacific	155	......	—	—	—
164	84	Westn. Mining 50c	155	+2	Q3c	0.7	1.2
100	35	Whim Creek 20c	60	......	—	—	—

TINS

1978-79 High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's
30	23	Amal. Nigeria	24	......	2.81	1.3	17.4
420	240	Ayer Hitam $M1	355	+5	Q300c	0.5	18.2
60	45	Beralt Tin	54	......	4.0	ϕ	11.1
305	190	Berjuntai $M1	235	......	†Q110c	1.0	11.1
185	111	Geevor	150xd	......	H5.57	5.8	5.5
11	8½	Gold & Base 12½p	10	......	—	—	—
350	220	Gopeng Cons.	310	......	†15.36	0.9	7.3
320	130	Hongkong	312	—3	12.5	ϕ	6.0
93	64	Idris 10p	64	......	†12.0	1.6	‡
11	7	Jantar 12½p	9½	......	—	—	—

COPPER

MISCELLANEOUS

GOLDS EX-$ PREMIUM

London quotations for selected South African gold mining shares in U.S. currency excluding the investment dollar premium. These prices are available only to non-UK residents.

High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's
$15¾	$10¾	Buffels R1	$13xd	......	Q170c	1.8	17.9
$11⅝	830c	East Drie R1	925cxd	—10	†Q70c	1.7	9.7
585c	330c	East Rand Prp. R1	350cxd	—10	—	—	—
$22⅛	$16½	F.S. Geduld 50c	$19⅝	......	Q315c	ϕ	18.5
$15⅝	975c	Pres. Brand 50c	$11⅞	......	Q150c	ϕ	14.7
$13⅞	900c	St. Helena R1	$10⅞	—⅛	Q190c	ϕ	21.4
470c	313c	Stilfontein 50c	425cxd	+5	†Q22c	2.9	6.0
$19⅛	$16¼	Vaal Reefs 50c	$19¼	+⅛	Q115c	3.3	6.9
$37	$25	West Drie R1	$30¼xd	—¼	Q385c	1.7	14.7
$31½	$19	West Hldgs. 50c	$22⅛	......	Q415c	ϕ	21.1
$12½	895c	Western Deep R2	$11⅛	......	Q82.5c	2.4	8.6

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 33 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- ▲ Sterling denominated securities which include investment dollar premium.
- ■ "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ⁂ Not comparable.
- ◆ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ☆ Regional price.
- II No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

"Recent Issues" and "Rights" Page 24

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £400 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+ or —	Stock	Price	+ or —
Albany Inv. 20p	26	......	Sheffield Brick	52	......
Ash Spinning	75	......	Sheff. Refrshmt.	68	......
Bertam	14	—1	Sindall (Wm.)	120	......
Bdg'wtr. Est. 50p	325	......	**IRISH**		
Clover Croft	28	......	Conv. 9% '80/82	£90	......
Craig & Rose £1	615	......	Alliance Gas	100	......
Dyson (R. A.) A	35	......	Arnott	400	......
Ellis & McHdy	69	......	Carroll (P.J.)	95xd	......
Evered	24	......	Clondalkin	184	+4
Fife Forge	52	......	Concrete Prods.	143	......
Finlay Pkg. 5p	21	......			
Graig Ship. £1	140	......			

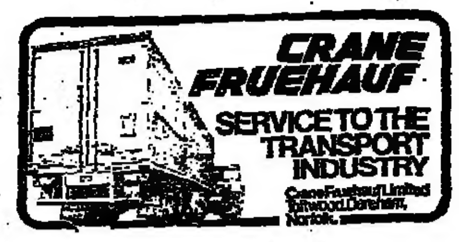
OPTIONS

3-month Call Rates

هكذا من الأصل

FINANCIAL TIMES

Tuesday January 9 1979



REVOLUTIONARY COUNCIL ANNOUNCED FOR CAMBODIA

Vietnamese consolidate after battle

BY RICHARD NATIONS IN BANGKOK

THE VIETNAMESE *army* appears to be consolidating its position in Cambodia both militarily and politically after a 14-day lightning assault by 100,000 Vietnamese which on Sunday captured the capital, Phnom Penh.

An eight-man revolutionary council to administer the country was announced in Phnom Penh yesterday by the Hanoi-backed Kampuchean United Front for National Salvation, according to reports relayed over Radio Hanoi. Only three of the new committee are members *of the 11-man* Salvation Front, including the chairman *of both—Heng Samrin.*

Observers view the announcement of the *administrative* committee as a step towards the *formation of a national* government to replace the Khmer *Rouge* leadership of Premier Pol Pot driven from *the capital two days ago.*

However, it is thought that a national government will *not* emerge until the insurgent front — backed by Vietnamese divisions—is in control of most of the provincial capitals. It is believed to be only a matter of time before the Vietnamese advance on the remaining Khmer Rouge strongholds bringing them to the Thai border.

The first diplomats and Chinese technicians to evacuate Phnom Penh arrived at the Thai border yesterday. Premier Pol Pot, and most of the top Khmer Rouge leadership also appear to have slipped through the Vietnamese onslaught on Sunday.

There is some question whether the Khmer leadership may have been evacuated by plane to Peking on Sunday. Thai military experts say they believe Pol Pot *is* still alive somewhere in Western Cambodia.

Among over 800 evacuees who crossed the Thai frontier at Aranyaprathet, were about 20 Chinese diplomats and nearly 700 Chinese technicians, as well as, according to source reports, the ambassadors of Romania, Yugoslavia, North Korea, Egypt and Burma.

An unknown number of evacuees is known to be waiting near the Thai border, and observers suspect thousands more may be on their way.

The Thais have agreed to allow those with proper papers to cross, but they continue their policy of closing the border to Cambodians. Thai officers suspect many of the Chinese and North Korean "technicians" are military personnel. They are being detained at the border awaiting liaison with their embassies in Bangkok.

Although the Salvation Front's news agency yesterday morning announced that "all the provinces of Kampuchea have been liberated," it watered down the *claim in subsequent broadcasts.* The agency's battle reports *indicated that there was still* resistance West of the Mekong.

Intelligence reports indicate that the Vietnamese have halted, *at least temporarily, their main* thrust. This leaves them in effective control of both the East bank of the Mekong and the strategic South-West region between the capital and the country's only deep-water seaport, Kampong Chom.

The Vietnamese forces, which involved elements of up to 13 divisions, *still face* a considerable task of mopping up the rear, however, since the thrust on the capital is thought to have by-passed Cambodian forces likely to offer serious resistance.

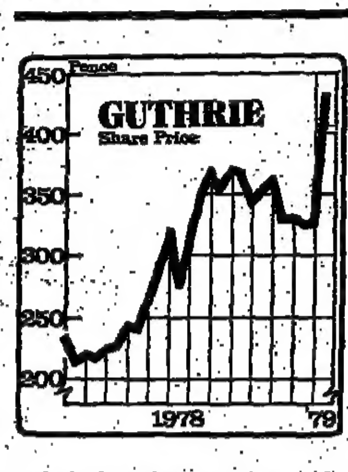
The Vietnamese have not yet begun a major drive up the parallel highways five and six, leading towards the Thai border where the remnants of the Khmer Rouge force are *thought to have retreated* and regrouped.

In Peking, Prince Norodom Sihanouk, the former Cambodian head of state, said China had promised to support Cambodian resistance against Vietnam's invasion. Prince Sihanouk is discussing with members of the former administration whether he will go to New York as originally intended to protest on behalf of the Pol Pot regime against Vietnamese aggression. Page 3. Editorial Comment, Page 14

THE LEX COLUMN

Sime comes out into the open

Index rose 4.9 to 484.4



Sime Darby's interest in acquiring Guthrie Corporation, the beleaguered British plantation company, has not been the world's best kept secret. Back in June, Sime announced that it had built up a near 5 per cent stake at around 250p-270p per share in Guthrie but fervently denied that it intended to bid for the whole lot. Then a month later, Sime, which was hardly strapped for cash, arranged a huge £107m loan facility, the purpose of which was never made very clear.

Now Sime has said that it intends to make a approach to Guthrie Corp. which may lead to an offer of 425p cash per share. Guthrie's shares closed 92p higher at 437p last night.

It must be asumed that Sime would not have got this far without the tacit approval of the Malaysian authorities, which control a significant holding in the group. Guthrie, which is on schedule with its Malaysianisation programme and has a good record of plantation management, my feel somewhat peeved by this development. Sime has certainly picked the right moment, since only last month Guthrie reported that its half time figures had slumped from £11.1m to £4.7m. In spite of all its diversification efforts. South East Asia still provided the bulk of its remaining earnings.

But whatever the politics, the important point is that Sime is talking about a cash offer well above the recent market price, which shareholders can accept or reject as they see fit. There can be no complaints about expropriation here. And Guthrie is by no means defenceless, despite its recent record. A strong recovery in profits is now under way, and the 1978 *dividend* yield is at least 5¼ per cent at the bid price. *Moreover,* assets of 372p per share in the last *balance sheet were said to be* "materially" understated, and up to date valuations have already been prepared. This is *going to be no pushover* for Sime.

Company sector

For some years the net acquisition of financial assets (NAFA) by the industrial and commercial company sector has been used as an indicator of the financial position of companies. It has also been of interest in *that the movements* of the company sector surplus or deficit have been closely correlated with the level of the *stock market.* Yet the calculation of NAFA has come in for technical cirticism, and now the Central Statistical Office has taken the important step of refining the financial statistics for the company sector and producing a figure which relates more closely with their financial experience. From now on, the net borrowing requirement of industrial and commercial companies will be released quarterly, and historical data, together with an analytical introduction, are included in the issue of Economic Trends published today.

The CSO is not accepting that there is anything conceptually wrong with its definition of NAFA, but it admits that for the purpose of judging the *financial position of companies* in Britain it has disadvantages. Thus, NAFA *includes* the profits retained overseas by British companies, and excludes the profits retained in the UK by foreign companies. Moreover, NAFA does not take account of changes in trade credit. In all, there are nine adjustments made to NAFA to arrive at the net borrowing requirement. And for most of the past decade NBR has been less favourable (that is, implied more borrowing) than NAFA. In the infamous year 1974, for example, the basic deficit was £4.51bn but the net borrowing requirement is estimated to have been £6.06bn.

Since 1975, however, this has changed in a way which bedevils all discussion of the company sector deficit. Until 1973 the residual item for unidentified transactions was always strongly positive and served to increase the figure for NBR. But in 1974 the unidentified item shrank almost to zero, and subsequently *it has become a large negative* figure—as much as £1.95bn for 1977 and £0.65bn for the first six months of 1978 (the third quarter figures are due in a couple of weeks).

The reasons for the large negative swing in unidentified transaction are obscure. *It could be that profits* are being understated (perhaps *in the small company sector) or* that companies are borrowing *in obscure ways, through trade* credit transactions with the *private sector or* (as the CSO suggests) through trade credit with *foreigners.* These discrepancies help to explain why *the company sector* has been so liquid, but there is no way of *telling whether the unidentified* item will suddenly swing back *again. If that* were to happen this year, it could well be at least as *important* in affecting the net borrowing requirement *as an increase* in the basic deficit.

Hogg Robinson

Adverse currency factors and the compusory sale to Nigerian nationals of 60 per cent of the capital of a subsidiary had been expected to weigh on Hogg Robinson's half-time profits, but a rise of only 5 per cent to £3.37m still comes as a disappointment.

The company reckons the negative effect of the strong *pound and the change* by its Nigerian company to associate *status at around £0.4m.* But its principal activity, UK insurance *broking,* has been *doing* very well (although it has not proved possible to trim the expense ratio has kept pace), and there are a number of minor gains elsewhere. Thus investment income is up 10 per cent, the shipping and freight side has been turned round from loss and both the leasing operation and Crosswall reinsurance have made worthwhile contributions for the first time.

Offsetting all this, it looks as though the overseas businesses, particularly Canada and Australia, had a very rough first half. The full year's results will receive a boost from Lloyd's underwriting commissions (not included at the interim stage), but Hogg Robinson will do well to produce pre-tax profit much more than 10 per cent above 1977/78's £9.51m. The company has been slower than its rivals in establishing a strong presence in the U.S. and with the *fall in the share-price to 117p after the figures were published* Hogg Robinson's rating *which had been at a small* premium to the insurance *brokers' sector,* moved to a small discount.

ACAS seeks a solution to lorry drivers' strike

BY NICK GARNETT, LABOUR STAFF

UNION OFFICIALS and *employer representatives yesterday* agreed to meet this afternoon *under the* auspices of the Advisory, Conciliation and Arbitration Service to seek a solution to the private haulage *lorry drivers' strike.*

The strike is having an increasingly severe effect on industry. Many cake, biscuit and confectionery factories have already closed. Companies warned yesterday that if edible oil deliveries are not restored, virtually the whole industry would be shut by the weekend and its 50,000 workers laid off.

Sir Henry Plumb, president of the National Farmers' Union, said yesterday that farmers would start running out of feedstuffs by today or tomorrow, with pigs and poultry particularly threatened. The situation could be desperate by the weekend.

The strike and picketing is still hitting the North, Ulster and parts of Scotland more severely than other areas. Many companies are preparing contingency plans for laying off workers. This has already occurred on a considerable scale in Northern Ireland.

The meeting initiative was taken by ACAS, which was in touch with officials of the Road Haulage Association and the Transport and General Workers' Union.

The move, however, followed a *national meeting of senior* negotiators from the separate regions of the association, which decided unanimously not to improve the current series of 15 per cent pay offers.

These offers have been rejected by drivers working for member companies of the association in most regions. These companies employ up to 175,000 drivers.

The strike, which involves an estimated 30,000 drivers, is having an intensifying effect on trade and industry. Movements to and from the country's docks came to a virtual standstill yesterday as picketing blocked incoming and outgoing cargoes at most ports.

Eastern counties' and South Wales ports came under heavy picketing following the decision by drivers in those areas to join the unofficial strike from yesterday.

Some companies have had large volumes of exports held up in factories or on the docks. ICI said yesterday that this was severely affecting its operations.

The Road Haulage Association *said* yesterday that, as a result of unofficial strike action, it was unable to improve its 15 per cent offers.

Mr. Eric Russell, the association's national secretary, said this was all hauliers could afford and they were deeply concerned that they could have action taken against them by the Government to restrain price increases.

The association has been *under pressure from ministers* not to concede more than what *is already three times* the Government's pay guideline.

The drivers have submitted a national claim, which in money terms alone is worth 25 per cent, designed to improve the current basic weekly wage of £53 for drivers of the heaviest lorries to £65.

They also want a shorter working week, partly as protection against the potential drop in overtime when new EEC legislation on drivers' hours comes into force.

The union says that, although the claim might seem high in percentage terms, it is reasonable when the drivers' relatively low basic pay is taken into account.

Bakhtiar to revise military contracts in big policy change

FROM ANDREW WHITLEY AND ANTHONY McDERMOTT

IRAN IS to revise all current and future military contracts, *amounting to something like* $10bn, Dr. Shahpour Bakhtier, *the newly appointed Prime* Minister, said yesterday.

In a widely ranging interview with the Financial Times, he said that the defence priority would be "to defend our borders only."

He rejected the Nixon doctrine of bolstering Third World countries to act as defenders of a region and repeated a previous statement that Iran would never again act as the policeman of the Gulf.

He said that he would try to respect military contracts already signed unless "completely contrary to the interests of our country." Many would *have to be cancelled in any case.*

Dr. Bakhtiar, behind whom was a *large picture of his* political mentor, Dr. Mossadegh, *the nationalist Prime Minister* of 25 years ago, added that the *Shah would need at least* ten days before he left the country. *That is osmewhat later than* most previous estimates.

He said that an eight-man regnecy council would be convened *shortly. Nevertheless, he* emphasised that it would be *only a symbol of the monarchy* and that the real power of *government would lie with him* and his Cabinet. He refused *to be drawn on the future* long-term position of the Shah.

He indicated that, for reasons of state, some executions were likely in the near future. Elections would be held within six *months.*

Our Foreign Staff writes: *Demonstrations occurred* in most Iranian cities yesterday *to mark the day of mourning* called for by the Ayatollah *Khomeini, the exiled religious* leader, in Paris. As the leader *of resistance to the Shah,* the Ayatollah has condemned the *new Administration.*

Parts of the city of Tabriz, in the north-east, were reported to be blazing. Six of the eight cinemas in the city were set on fire, also banks, factories, shops and houses.

The weakness of the new Administration, put together after long negotiations, is emphasised by the apparent refusal of General Fereidoun Jam, a former army commander, to become War Minister in the new Cabinet.

Palace officials believe that Dr. Bakhtiar disagreed with plans for reorganising the armed forces. It had been reported that General Jam, who is highly respected within the army, had accepted the post.

In an effort to show that it can deliver reforms and meet *some opposition demands,* the Government has lifted martial law *in the* southern city of Shiraz, News Analysis, Page 4

Continued from Page 1

Government action

reduce the 1979-80 figure below the original £8.5bn projection.

This could mean a total reduction of, say, £1bn and there is still a wide range of views about the best way of recouping this. One possibility is not to increase income tax allowances in lines with inflation, although this would require Commons approval which would be far from certain.

There are several views within the Treasury and the Bank of England about the right emphasis of the response to the current pay position, in particular the balance between monetary and fiscal policies.

There are different schools of thought about the impact of high pay awards on the level of demand in the economy. It is not certain that those who call for a clawback of higher settlements through increased taxes will win the day against others advocating cuts in public spending and other measures to meet the monetary target.

Continued from Page 1

Sime Darby

Guthrie is said to be unhappy about the bid, given the repeated denials. It is also unhappy about being the object of an approach from a group with Government connections, in view of its co-operation with the Government in its "Malaysianisation" programme.

Sime Darby also intends to approach Guthrie with a possible 60p per share offer for Guthrie's preference capital.

Kleinwort Benson is advising Sime Darby while Baring Brothers advises Guthrie Cororation.

Giscard and Schmidt in pact on farm prices

By David White in Paris

FRANCE and West Germany *have agreed on procedures for* solving their argument over the *EEC's farm price system which* has delayed the introduction of *the European Monetary System.*

President Valéry Giscard *d'Estaing of France and* Chancellor Helmut Schmidt *of West Germany* had reached a previously undisclosed *understanding* at the Guadeloupe summit that they should *tackle the problem* "in a positive manner," a presidential *spokesman said* yesterday

As a result of the pact, the *next meeting of* EEC Farm Ministers may be put off from January 15 to January 22, to allow the two countries to pursue their bilateral discussions on the issue, according to Government officials.

France's campaign for a return to genuine common farm prices among EEC members will be discussed in Paris today between Mr. Finn Olav Gundelach, Agriculture Commissioner, and M. Pierre Mehaignerie, French Farm Minister and current chairman of the Farm Ministers' Council.

At the same time, M. Jean Francis-Poncet, French Foreign *Minister,* has gone to *Brussels* to explain this and other results of the *Guadeloupe summit* to the Belgian Government, and on *Thursday he will explain it to* the Dutch Government.

M. Jacques Wahl, *the top* presidential aide who accompanied President Giscard at the summit, is due to perform the same mission in Rome today.

The Presidential spokesman gave no details of the understanding reached between the French and West German leaders.

With France firmly opposed *to the creation of extra* monetary compensation amounts on a *permanent basis in the Common* Agricultural Policy, and with *West Germany determined* to defend its farmer's revenues, it was *unclear* what kind of compromise their two leaders envisaged. *France claims* that the ... system gives West Ger-

Wholesale price rise rate edges upwards

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE UNDERLYING rate of increase in prices charged by industry at the factory gate has started to edge upwards.

But there are no signs yet of a significant early acceleration in the annual rate of retail price inflation from the present level of slightly more than 8 per cent.

The wholesale price indices, published yesterday by the Department of Industry, suggest that the cost of industry's materials and fuel is rising slowly after falling in the summer.

Moreover, the higher pay *rises of last year* are boosting output prices, even though some *of the impact has* been absorbed at the expense of lower profit margins.

The index of output prices charged by *manufacturing* industry last month rose by ¾ per cent on November *to* 158.3 (1975=100), a rather larger rate of increase than during most of last year.

Consequently, the rate of increase in the index over the last six amonths has edged up from 3.4 to just under 3.7 per cent and the 12 month rate rose in December, for the first time since August, from 7¾ to 8¼ per cent.

The index will be boosted *this month by the usual* annual bunching of price increases, though the signs are that there will be only a slight pick-up in the rate of increase of both output and retail prices in the next few months.

The last Confederation of British Industry trends inquiry said there did not appear to be any significant change in the rate at which average domestic prices were increasing.

But if the level of pay settlements turns out to be as high *as last year,* if not higher, the annual rate of increase may be pushed back into double figures by the end of this year

WHOLESALE PRICES (1975=100)

		Raw Materials	Output (home sales)
1978	1st	140.2	149.2
	2nd	146.3	151.8
	3rd	144.9	154.8
	4th	147.0*	157.3*
	Sept.	144.8	155.7
	Oct.	145.7	156.6
	Nov.	147.3*	157.1*
	Dec.	148.0*	158.3*

* provisional.

Source: Department of Industry.

fuel bought by manufacturing *industry* rose by about ½ per cent to 148.0 (1975=100), for *an increase* of 5 per cent over the last year.

The underlying rate of increase in this index has edged *slightly upwards since last summer.* The January result will be *affected by the rise in the posted* price of crude oil recommended at last month's *meeting of oil*-producing states. Many economists are cautiously optimistic about a helpful trend in world prices and some stability for sterling this year.

The detailed figures show that the cost of materials for manufacturing companies outside the food and drink sector fell by about ¼ per cent last month, mainly because of lower sterling prices for crude oil resulting from the rise in sterling against the dollar.

An increase in the price of milk was mainly responsible for a 1½ per cent increase in the index of the cost of materials bought by the food manufacturing sector..

Prices charged by companies outside the food and drink sector rose by about ¾ per cent last month. Almost half the

Weather

UK TODAY

BRIGHT or sunny intervals and scattered showers. Wintry in the north and over high ground in the south.

London, S.E. England, Channel Isles

Cloudy with rain or drizzle at first. Sunny later. Max. 7C (45F).

E. Anglia, Cent. S., S.W. England, Midlands, S. Wales

Scattered showers. Wintry over high ground. Sunny spells. Max. 6C (43F).

N. Wales, N.W. England, Lakes, I. of Man, W. Scotland, N. Ireland

Wintry showers. Sunny intervals. Max. 4C (39F).

N.E. England, most of Scotland, Scottish Islands

Showers or longer periods of snow. Strong winds. Max. 3C (37F).

Outlook: Colder. Some snow in most areas. Frost.

BUSINESS CENTRES

		Y'day midday °C	°F			Y'day midday °C	°F
Amsdm.	C	1	34	Mnchtr.	F	5	41
Athens	C	5	41	Melbn.	C	24	75
Bahrain	S	19	66	Mex. C.	C	18	64
B'rc'l'na	C	14	57	Milan	C	—2	28
Belfast	R	3	37	Montreal	C	—6	21
Belgrd.	S	—2	28	Mscw.	Sn	—10	14
Berlin	C	1	34	Munich	F	—1	30
B'ham	C	6	43	Nowcsl.	S	6	43
Bristol	C	7	45	N. York	R	5	41
Brussels	C	2	36	Oslo	S	—3	27
B. Aires	S	26	79	Paris	F	—5	23
Cairo	C	18	64	Perth	F	25	77
Cardiff	C	7	45	Prague	C	—2	29
Chicago	C	—16	3	Reykjvk.	F	—6	21
Cologne	C	—1	30	Rio J'o	C	27	80
Cophgn.	Fg	0	32	Rome	F	9	46
Dublin	R	5	41	Singapr.	S	27	81
Edinb'gh	C	3	37	Stckhm.	S	0	32
Frankft.	C	—6	21	Strasbg.	F	—5	23
Geneva	R	—1	30	Sydney	F	29	84
Glasgow	C	3	37	Tehran	C	7	45

HOLIDAY RESORTS

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	F	13	55	Jersey	R	6	43
Algiers	C	17	63	L. Plms.	F	19	66
Biarritz	C	8	46	Locarno	F	1	34
Blackpl.	C	5	41	Majorca	C	17	63
Bord'x	C	5	41	Malaga	C	16	61
B'logne	R	3	37	Malta	F	13	55
Cablnca.	F	19	66	Nairobi	C	17	62
C. Town	S	25	77	Naples	F	10	50
Corfu	S	12	54	Nice	C	7	45
Faro	S	18	64	Nicosia	C	9	48
Florence	C	2	36	Oporto	S	14	57
Funchal	C	17	63	Rhodes	S	9	48
Gibrltr.	S	17	63	Salzb'g	S	1	34
[illegible]	R	8	46	Tangier	F	19	66